ANGLO AMERICAN

News Release

20 February 2009

Anglo American announces underlying earnings of $5.2 billion

Financial results

- Group operating profit[(1)] of $10.1 billion, with operating profit from core operations[(2)] up 10% to $9.8 billion
- Total Group underlying earnings[(3)] of $5.2 billion, down 9%
- Total Group underlying earnings per share of $4.36, down 1%
- Strong performances from Coal and Ferrous Metals, with increased production of coal and iron ore
- Total Group profit attributable to equity shareholders down 29% at $5.2 billion
- Significant input cost pressures partially mitigated by cost savings of $348 million
- Year end net debt[(4)] of $11.0 billion
- Committed undrawn bank facilities and cash[(5)] of over $7 billion at 31 December 2008

Decisive action and superior performance to position Anglo American through the cycle

- $2 billion target from cost saving and efficiency initiatives:
  - Asset optimisation to deliver $1 billion contribution to operating profit by 2011
  - Procurement and shared services savings on track for $1 billion by 2011
- 2009 capital expenditure reduced by more than 50% to $4.5 billion
  - Major strategic world-class projects preserved (Los Bronces, Barro Alto, Minas-Rio)
  - Flexible growth options retained
- Production growth from certain operations scaled back to meet lower demand outlook – ready to make further cuts, as required
- Global headcount reduction of 19,000 under way, in line with revised growth plans
- Share buyback suspended

Dividend

- Dividend payments suspended; total dividend for the year of 44 cents per share
- Safeguarding balance sheet flexibility to preserve growth options
- Commitment to resume dividend payments as soon as market conditions allow

Delivering safe production

- Safety – good progress, with changes to safety practices delivering results:
  - 17% improvement in Lost Time Injury rates, with trend continuing
  - 33% reduction in the number of fatalities

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2008 *US$ million, except per share amounts*	**Year ended 31 Dec 2008**	**Year ended 31 Dec 2007**	**Change**
Total Group revenue including associates[6]	**32,964**	35,674	(7.6)%
Operating profit including associates before special items and remeasurements – core continuing operations[1][2]	**9,765**	8,894	9.8%
Operating profit including associates before special items and remeasurements – total Group[1]	**10,085**	10,116	(0.3)%
Underlying earnings for the year – total Group[3]	**5,237**	5,761	(9.1)%
EBITDA – total Group[7]	**11,847**	12,132	(2.3)%
Net cash inflows from operating activities – total Group	**8,065**	7,264	11.0%
Profit for the year attributable to equity shareholders – total Group	**5,215**	7,304	(28.6)%
Earnings per share (US$):[3]			
Basic earnings per share – total Group	**4.34**	5.58	(22.2)%
Underlying earnings per share – total Group	**4.36**	4.40	(0.9)%
Interim dividend (US cents per share)	**44**	38	15.8%
Recommended final dividend	**-**	86	
Total dividend for the year	**44**	124	(64.5)%

In 2007, total Group included the results of AngloGold Ashanti and the Paper and Packaging business (Mondi).

(1) Operating profit includes share of associates' operating profit (before share of associates' interest, tax and minority interests) and is before special items and remeasurements, unless otherwise stated. See note 4 to the condensed financial statements for operating profit on a total Group basis. For the definition of special items and remeasurements see note 6 to the condensed financial statements and see note 17 for information on discontinued operations.

(2) Operations considered core to the Group are Base Metals, Platinum, Ferrous Metals' core businesses (Kumba Iron Ore, Scaw Metals, Samancor Manganese and Anglo Ferrous Brazil), Coal and Diamonds. See the summary income statement in the financial review of Group results for a reconciliation of operating profit from core operations to total operating profit.

(3) See note 9 to the condensed financial statements for basis of calculation of underlying earnings and see note 17 for information on discontinued operations (which contributed $284 million to underlying earnings in 2007).

(4) Net debt excludes hedges but includes the net debt in disposal groups. See note 11 to the condensed financial statements.

(5) After taking account of commercial paper maturing throughout 2009 of $1.1 billion.

(6) Represents total Group revenue (including the revenue of discontinued operations) and includes the Group's share of associates' revenue of $6,653 million (2007: $6,142 million). See note 3 and note 17 (for discontinued operations) to the condensed financial statements. Discontinued operations contributed revenue of $5,115 million in 2007.

(7) EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates. See note 12 to the condensed financial statements for analysis of EBITDA by continuing and discontinued operations.

Cynthia Carroll, chief executive, said:

"Overall, Anglo American delivered a solid performance in 2008 – a year that saw the end of a lengthy period of highly supportive commodity prices as the trajectory of the global economy turned sharply downwards during the second half. We achieved operating profit of $10.1 billion and underlying earnings of $5.2 billion, with strong performances from our coal, iron ore and manganese businesses.

The breadth and severity of the global economic downturn and its impact on growth rates in key sectors and economies are difficult to overstate. From global automotive production to construction activity in emerging markets, there was a marked contrast between the first and second halves of 2008, when commodity prices fell sharply. As we begin 2009, the economic outlook remains weak, with limited visibility and we are continuing to experience volatility and downward pressure on commodity prices. Against this backdrop, we have acted decisively to position the Group through the downturn, including pulling back planned production growth, reducing the size of our workforce by 19,000 by the end of 2009 in line with our revised production and growth plans and further cost cutting throughout the Group. These actions are necessary to ensure that Anglo American is well positioned through the cycle, both operationally and financially, to continue to deliver long term value to our shareholders.

In December, we announced that capital expenditure plans for 2009 would be scaled back by some 50% in response to the changed economic outlook. We nevertheless remain committed to our long term strategy and will continue to allocate capital to our existing businesses and the advancement of our portfolio of high quality development projects. Despite the current economic environment, we have confidence in the fundamentals and long term outlook for our core commodities. We therefore believe that our projects remain a key driver of future value creation for shareholders, with several projects well timed to enter production from 2011 onwards.

The three key cost-saving and efficiency initiatives that we have put in place over the last 18 months are well advanced and are already beginning to make an important contribution to our financial and operating performance. Such disciplines are particularly valuable during these times. The asset optimisation programme has been rolled out across the Group and is expected to contribute a significant uplift to operating profit of some $1 billion over the next three years. This is in addition to the expected $1 billion in savings by 2011 we have announced from our procurement and shared services initiatives, which have already delivered value of over $200 million in savings in 2008.

While the global economy continues to face unprecedented challenges and, with severely constrained financing markets, it is critical for us to safeguard balance sheet flexibility as far as possible. Notwithstanding the other measures we have taken, the Board has decided to suspend dividend payments in order to preserve the Group's strategic growth options.

We made further strategic progress during 2008, including the significant achievement of securing 'new order' mineral rights across our mining businesses in South Africa. We made further disposals of non-core assets, including the sale of the Group's investment in China Shenhua Energy for $704 million, the sale of Tarmac Iberia for $186 million and the sale of Namakwa Sands and 26% of both Black Mountain and Gamsberg to Exxaro Resources for a total of $353 million. During the year, we also advanced our long term iron ore growth strategy by securing control of the Minas-Rio project and the Amapá iron ore system in Brazil. Minas-Rio has multi-phase expansion potential, the first phase of which is due to begin production in 2012. In recent weeks, we have also reduced our shareholding in AngloGold Ashanti to 11.8%, realising total proceeds of $434 million.

I am encouraged by the much improved safety record of the Group over the last year. Of particular note was the significant reduction in the number of fatal incidents, though there is much work still to do. The changes we have made across Anglo American and in collaboration with the South African government, unions and the mining industry, are saving lives and reducing injury rates and we must continue to do all we can to progress towards our ultimate goal of Zero Harm.

Anglo American has a world class asset base with long life, low cost mines and a strong and geographically diverse project pipeline across the most attractive commodity segments. In light of the many challenges faced by the global economy and by the mining sector during the second half of 2008 and expected to continue during 2009, we have taken decisive action to position Anglo American through the downturn and to emerge in robust shape, ready to capitalise on the next phase of economic growth."

Review of 2008

Financial results

Anglo American's Group underlying earnings were $5.2 billion. Strong performances came from Ferrous Metals and Coal which achieved significantly higher operating profit in the year. Operating profit from the Group's core operations was 10% higher than for the prior year at $9.8 billion. Platinum recorded lower operating profit due to lower sales volumes and higher costs; Base Metals' operating profit was impacted by lower achieved prices; and Industrial Minerals suffered from the downturn in the UK housing market.

Base Metals generated an operating profit of $2,505 million (26% of Anglo American's total operating profit from core operations), down 42% due to sharply lower copper, nickel, zinc and lead prices, lower overall sales volumes and rises in input costs.

Platinum reported operating profit of $2,226 million (23% of Anglo American's total operating profit from core operations), down 17%, due to lower metal sales and higher key input costs, partially offset by a higher achieved basket price of metals sold and a weaker average rand against the US dollar.

Ferrous Metals reported a record operating profit of $2,935 million, up 105%, with operating profit from core businesses up 135% to $2,843 million (29% of Anglo American's total operating profit from core operations), mainly due to higher iron ore sales volumes and higher iron ore, manganese ore and alloy prices.

Coal had record operating profit of $2,240 million (23% of Anglo American's total operating profit from core operations), 265% higher, mainly due to higher prices for both thermal and metallurgical export coal, higher production and the benefits of tighter operational discipline.

Diamonds recorded attributable operating profit of $508 million (5% of Anglo American's total operating profit from core operations), up 5%, principally due to the steady increase in the price of diamonds during the first seven months of the year.

Industrial Minerals' operating profit fell 52% to $228 million, reflecting the difficult trading conditions in the UK, particularly in the second half of the year, as well as the impact of significant cost increases.

Production

Record production of coal and iron ore was achieved. Platinum production volumes from mining operations were lower than the prior year due to flooding at the Amandelbult mine, suspension of operations to rehabilitate shaft steelwork at Turffontein, electricity supply constraints and throughput challenges at Mogalakwena. Refined platinum met its mid year production targets, though was below 2007 levels due to run-outs at the Polokwane and Waterval smelters. Base Metals' production was down for all key products, with nickel production significantly lower following strike action and knock-on operational difficulties and power outages at Loma de Níquel and copper production impacted by lower ore grades and challenging rock stability conditions at El Soldado.

Capital structure

Net debt, excluding hedges but including net cash of $8 million in disposal groups, increased by $5,804 million in the year and at 31 December 2008 amounted to $11,043 million, reflecting $5.3 billion funding the acquisition of the controlling interest and subsequently the acquisition of 97% of the remaining minorities in Anglo Ferrous Brazil SA, the purchase of additional shares in Anglo Platinum Limited and an increase in planned capital expenditure. This was partly offset by proceeds from disposal of the equity interest in China Shenhua Energy for $704 million. The $4 billion share buyback programme announced in August 2007 has been suspended with around $1.7 billion of shares having been repurchased.

In addition to the Group's existing funding requirements, the shareholders of De Beers have agreed to provide loans to De Beers, proportionate to their shareholdings, totalling $500 million in 2009. Anglo American holds a 45% interest in De Beers and will therefore provide a loan of $225 million.

Dividends

In light of the abrupt decline in commodity prices, the unprecedented challenges facing the global economy and the critical importance of preserving sufficient balance sheet flexibility in order to fund the Group's strategic growth projects in the context of the current challenging financing environment, the Group has suspended dividend payments and will not pay a final dividend for 2008. Total dividends for the year will therefore be 44 cents per share (2007: 124 cents per share). The Board will continue to review the Group's financial position and is committed to the resumption of dividend payments as soon as market conditions allow.

Positioning Anglo American through the cycle

In response to the worsening economic conditions during the second half of 2008, Anglo American completed a thorough review of its capital expenditure programme. Planned capital expenditure for 2009 was reduced by more than 50% to $4.5 billion. This substantial reduction will be achieved principally by rescheduling capital expenditure on many of the Group's major development projects. The $3.2 billion of capital expenditure that will be spent on the Group's projects in 2009 will enable their continuing development without incurring undue delays or penalties that may impact their investment cases, balancing necessary short term action in the context of the long term nature of the mining industry. These projects are a key driver of Anglo American's long term growth and several are well timed to enter production from 2011 onwards. Stay-in-business capital expenditure for 2009 was reduced to $1.3 billion, equal to 64% of depreciation.

In line with the Group's revised production, growth and project development plans, worldwide headcount will be reduced by 19,000 by the end of 2009, achieved predominantly through a combination of natural attrition, scaling back contractor arrangements and redundancies. Cuts to production growth at existing operations reflect the weaker demand prospects, while further cost initiatives are under way at the corporate offices to reduce ongoing costs.

The Group's pipeline of high quality growth and development projects is focused on the most attractive commodity segments of iron ore, metallurgical coal and copper, in addition to further expansion options in platinum and diamonds. While much reduced capital investment is planned during 2009 and many projects have seen the timing of their development adjusted to reflect the current weak conditions, a high degree of flexibility of project timing will be retained in order to enable appropriate reactions to changing market conditions. Anglo American is ensuring that it is positioned optimally for the next period of upward momentum in the cycle.

Delivering operational excellence and safe production

Anglo American is well advanced with a number of Group-wide initiatives to deliver superior operating performance. Excellent early progress has been made in terms of operational efficiencies and performance benchmarking through the asset optimisation programme and it is expected that these will deliver approximately $1 billion of uplift to operating profit by 2011. This uplift is in addition to Anglo American's shared services and supply chain performance, which has delivered over $200 million of cost savings during 2008 and are on track to achieve savings of $1 billion by 2011.

The changes made to the Group's safety practices in 2007 and a renewed commitment to a new level of safety performance have delivered results in 2008 and Anglo American is helping to lead the way, particularly in South Africa, to achieve a safer, more productive mining industry. In April, the Anglo Tripartite Safety Summit was held in Johannesburg, bringing together government, unions and the industry to unlock and leverage potential in working together to tackle some of the critical issues around mining safety in South Africa.

The Group has achieved a year-on-year reduction of 17% in lost time incidents at its operations, with extended periods of incident free, safe production. 2008 also saw an improvement in terms of a 33% reduction in the number of fatalities at our operations. During the year 27 people died while on company business, compared with 40 fatalities during 2007; this is a significant step in the right direction, but there is still a long way to go. Of particular note is Anglo Platinum's Union Mine in South Africa, which has achieved more than six million Fatality Free Shifts, and the Barro Alto nickel project and Anglo Ferrous Brazil which achieved 966 days and 3.5 million hours respectively without a Lost Time Injury. The implementation of global Fatal Risk Standards and the successful roll-out of the global safety risk management programme are helping to ensure a systematic approach to managing safety and preventing incidents as Anglo American continues on its journey towards “Zero Harm”.

As part of the extensive cultural change that has been implemented throughout Anglo American, several senior management changes have been made during 2008, marking a significant strengthening of the leadership team, involving a combination of internal and external appointments. These have included new CEOs for Anglo Platinum, Anglo Coal and Kumba Iron Ore.

Delivering strategic objectives

In pursuit of Anglo American’s ambition of becoming the leading global mining company, further strategic progress has been made to focus the business on its core mining portfolio, by making disposals of non-core assets, securing new order mining rights across its businesses in South Africa and positioning the Group for profitable growth.

In April, Anglo American was granted its new order mining rights conversions by the South African Department of Minerals and Energy. The conversions relate to the mineral rights across Anglo American’s South African businesses. This significant achievement provides an ever stronger platform for the Group’s long term development projects in South Africa, its employees and contractors, as well as for the many black empowered businesses with which it is partnered.

In May, the Company disposed of its interest in China Shenhua Energy, realising cash proceeds of $704 million and in June, the sale of Tarmac Iberia to Holcim was announced for a consideration of $186 million. The Tarmac group continues to be managed to maximise shareholder value while options for its sale continue to be explored, recognising that the sale of a business of its scale is unlikely in the near term.

In August, following a series of transactions in 2007 and 2008, Anglo American acquired control of the Minas-Rio iron ore project and the Amapá iron ore system. The Minas-Rio project has considerable expansion potential and is a key element in the Group’s long term iron ore growth ambitions.

In October, the sale of the Namakwa Sands mineral sands business was completed and, in November, the sale of 26% interests in both the Black Mountain zinc, lead and copper operation and the Gamsberg zinc project to Exxaro Resources were completed for a total consideration of approximately $353 million.

After the year end, Anglo American reduced its shareholding in AngloGold Ashanti to 11.8%, realising total proceeds of $434 million.

Early in the year, mining production in South Africa was severely disrupted for a short time due to national electricity supply problems. While the crisis was averted through collaboration and consensus across the mining industry, resulting in reduced power usage, Anglo American is continuing to play an important role, working in partnership with the South African government and Eskom to develop and implement long term solutions to guarantee electricity supply.

Outlook

As a result of the global economic slowdown, the second half of 2008 saw markedly lower commodity prices, following several years of highly supportive prices. Across the industry, there has been curtailment of some high cost operations in markets where prices and demand have declined significantly, for example in nickel, platinum, iron ore and coking coal, while the difficult financing environment is expected to continue to impact the funding and timing of many potential new mines and expansions by both major and junior miners, thereby having the potential to further constrain future supply when economic growth returns.

The world economy faces an unprecedented level of uncertainty and the outlook remains poor in the near term, with expectations for continuing volatility and weakness in commodity prices. It is against this backdrop that Anglo American has taken a series of measures to ensure that the Group’s operating and cost profiles are appropriate and that its balance sheet and capital structure have sufficient flexibility through the current downturn. However, over the medium to long term, Anglo American believes that the fundamentals of its core commodities remain attractive, with significant value to be created by the Group's long life, low cost growth projects, several of which are timed to enter production from 2011. The economic recovery of the OECD member countries and the ongoing industrialisation of the world's major developing markets are expected to drive long term demand for commodities, stimulated further by government spending programmes in many major economies, including the US and China.

Selected major projects

Completed in 2008

Sector	Project	Country	Completion date	Capex $m[1]	Production volume[2]
Base Metals	Collahuasi debottlenecking	Chile	Q4 2008	66	31 ktpa copper[3]
Diamonds	Snap Lake	Canada	Q4 2008	796	1.6 million carats pa
	Victor	Canada	Q3 2008	834	0.6 million carats pa
	Voorspoed	South Africa	Q4 2008	185	0.7 million carats pa
Coal	Dawson	Australia	Q4 2008	839	5.7 Mtpa coking, semi-soft and thermal

Approved

Sector	Project	Country	First production date	Full production date	Capex $m[1]	Production volume[2]
Platinum [4]	Mototolo JV	South Africa	Q4 2006	Q2 2009	200	130 kozpa refined platinum
	Marikana JV	South Africa	Q1 2006	Q1 2009	36	145 kozpa refined platinum
	Mogalakwena North expansion[5]	South Africa	Q4 2007	Q2 2010	692	230 kozpa refined platinum
	Mogalakwena North replacement[5]	South Africa	Q4 2007	Q2 2010	230	Replace 200 kozpa refined platinum
	MC plant capacity expansion – phase 1	South Africa	Q3 2009	Q3 2009	80	11 ktpa waterval converter matte
	Mainstream inert grind projects	South Africa	Q4 2009	Q3 2010	188	Improve process recoveries
	Lebowa Brakfontein Merensky	South Africa	Q2 2008	Q1 2011	179	Replace 108 kozpa refined platinum
	Slag cleaning furnace 2	South Africa	Q4 2009	Q4 2010	134	650 tpd increased slag cleaning capacity
	Base metals refinery expansion	South Africa	Q3 2009	Q3 2010	279	11 ktpa nickel
	Amandelbult East Upper UG2	South Africa	Q3 2007	Q4 2012	224	100 kozpa refined platinum
	Townlands ore replacement	South Africa	Q4 2007	Q4 2015	139	Replace 70 kozpa refined platinum
	Paardekraal	South Africa	Q2 2010	Q2 2015	316	Replace 120 kozpa refined platinum
	Twickenham	South Africa	Q4 2011	Q4 2016	800	180 kozpa refined platinum
	Amandelbult No 4 shaft project	South Africa	Q1 2012	Q1 2019	1,602	Replace 271 kozpa refined platinum
	Styldrift Merensky phase 1	South Africa	Q2 2017	Q2 2018	1,621	245 kozpa refined platinum
Base Metals	Barro Alto	Brazil	Q1 2011	Q3 2012	1,600 – 1,800	36 ktpa nickel
	Los Bronces expansion	Chile	Q4 2011	Q4 2012	2,200 – 2,500	173 ktpa copper[3][6]
Ferrous Metals[7]	Sishen expansion	South Africa	Q4 2007	Q4 2009	588	13.0 Mtpa iron ore
	Minas-Rio phase 1	Brazil	Q2 2012	Q3 2013	3,627	26.5 Mtpa iron ore pellet feed (wet basis)
	Sishen South	South Africa	H1 2012	Q1 2013	924	9.0 Mtpa iron ore
Coal	Lake Lindsay	Australia	Q4 2007	Q1 2009	726	4.0 Mtpa coking & semi-soft
	Mafube	South Africa	Q4 2007	Q2 2008	214	5.4 Mtpa thermal
	Cerrejón	Colombia	Q1 2007	Q1 2009	134	3.0 Mtpa (2nd stage) thermal
	MacWest	South Africa	Q3 2008	Q1 2009	49	2.7 Mtpa thermal
	Zondagsfontein	South Africa	Q2 2009	Q4 2010	473	6.6 Mtpa thermal

Future unapproved

Sector	Project	Country	First production date	Full production date	Capex $m	Production volume[2]
Base Metals	Goias II	Brazil	2013	2014	1,915	Fertiliser [8]
	Quellaveco	Peru	2014	2016	2,500-3,000	225 ktpa copper[3]
	Gamsberg	South Africa	2016	2018	1,930	400 ktpa zinc
	Jacare Phase I	Brazil	2015	2017	2,200	40 ktpa nickel
	Collahuasi expansion phase 1	Chile	2010	2011	450	485 ktpa copper[3] [9]
	Morro Sem Bone	Brazil	2016	2018	1,670	32 ktpa nickel
	Michiquillay	Peru	TBD	TBD	TBD	300 ktpa copper[3]
	Pebble	US	TBD	TBD	TBD	350 ktpa copper[3]
Ferrous Metals [7]	Sishen Expansion Project phase 1B	South Africa	2010	2010	60	0.4 Mtpa iron ore
	Sishen Expansion Project 2	South Africa	2013	2014	1,180	10.0 Mtpa iron ore
	Sishen C Grade	South Africa	2013	2014	TBD	10.0 Mtpa iron ore
	Sishen Pellet	South Africa	2014	2015	590	2.0 Mtpa iron ore pellets
	Minas-Rio phase 2	Brazil	TBD	TBD	TBD	26.5 Mtpa pellet feed (wet basis)
Coal	Heidelberg opencast	South Africa	2010	2010	30	0.9 Mtpa thermal
	Elders opencast	South Africa	2011	2011	475	6.4 Mtpa thermal
	Elders underground	South Africa	2011	2012	225	3.2 Mtpa thermal
	Cerrejón P40	Colombia	2012	2014	1,065	8.0 Mtpa thermal
	New Largo	South Africa	2012	2015	660	14.7 Mtpa thermal
	Heidelberg underground	South Africa	2013	2014	290	4.2 Mtpa thermal

The Group has a number of other projects under evaluation including Der Brochen, Waterval Phase 5, Frank Ore Replacement UG2, Turffontein Ore Replacement UG2, Union Deep Shaft Project, BRPM Phase 3 UG2 and MR North shaft, Pandora JV and Ga-Phasa JV in Platinum, Cerreón P50 in Coal and Gahcho Kué in Diamonds.

(1) Capital expenditure shown on 100% basis in nominal terms. Platinum projects reflect approved capex.
(2) Represents 100% of average incremental or replacement production, at full production, unless otherwise stated.
(3) Pebble will produce molybdenum and gold by-products, Michiquillay will produce molybdenum, gold and silver by-products and other projects will produce molybdenum and silver by-products.
(4) Anglo Platinum has rescheduled the timing of projects to match the 2009 production volume of 2.4 million ounces and project expenditure of $600 million. The impact of spending beyond 2009 is currently under review.
(5) Mogalakwena was formerly known as PPRust.
(6) Production represents average over first 10 years of the project.
(7) Ferrous Metals projects, shown in the table above on a nominal basis, were expressed in real terms at the interim. Had they been expressed in nominal terms the capex forecasts would have been:

	At 30 June 2008 Capex (real) $m	Capex (nominal) $m
Approved		
Sishen Expansion	754	797
Minas-Rio Phase 1	3,456	3,543
Sishen South	782	1,017
Future unapproved		
Sishen Expansion Project 2	775	819
Sishen Pellet	338	359

(8) Incremental production of 70 ktpa DCP, 88 ktpa low analysis fertiliser and 414 ktpa high analysis fertiliser. The project will also produce sulphuric acid, phosphoric acid and niobium.
(9) Total production of mine when project has ramped up to full production. Further phased expansions have the potential to increase production to 1 Mtpa.

For further information, please contact:

United Kingdom

Anna Poulter, Investor Relations
Tel: +44 (0)20 7968 2155

Caroline Metcalfe, Investor Relations
Tel: +44 (0)20 7968 2192

James Wyatt-Tilby, Media Relations
Tel: +44 (0)20 7968 8759

South Africa

Pranill Ramchander, Media Relations
Tel: +27 (0)11 638 2592

Notes to editors:

Anglo American plc is one of the world's largest mining groups. With its subsidiaries, joint ventures and associates, it is a global leader in platinum group metals and diamonds, with significant interests in coal, base and ferrous metals, as well as an industrial minerals business. The Group is geographically diverse, with operations in Africa, Europe, South and North America, Australia and Asia. (www.angloamerican.co.uk)

Webcast of presentation:

A live webcast of the annual results presentation, starting at 10.00am UK time on 20 February, can be accessed through the Anglo American website at www.angloamerican.co.uk.

Note: Throughout this results announcement, '$' denotes United States dollars and 'cents' refers to United States cents; operating profit includes associates' operating profit, is before special items and remeasurements and refers to continuing operations, unless otherwise stated; special items and remeasurements are defined in note 6 and results of discontinued operations are presented in note 17. Underlying earnings refers to continuing operations unless otherwise stated and is calculated as set out in note 9 to the condensed financial statements. EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates and refers to continuing operations unless otherwise stated. EBITDA is reconciled to 'Total profit from continuing operations and associates' in note 12 to the condensed financial statements and to 'Cash inflows from operations' in the primary statements. Tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes unless otherwise stated.

Financial review of Group results*

Group operating profit was $10,085 million, with operating profit from core operations of $9,765 million, 10% higher than 2007. Operating profit was driven by higher prices realised in the year, particularly for coal, iron ore, manganese ore and alloy, platinum, rhodium, and diamonds. Higher sales volumes of coal and iron ore also contributed, as did the favourable exchange rate of the South African rand against the US dollar. Coal and Ferrous Metals saw very significant increases in operating profit, to record levels, on the back of stronger prices, increased volumes and operational efficiencies. Operating profit from Platinum and Base Metals was lower than 2007. At Platinum, this was due to a decrease in metal sales and higher key input costs, which were only partly offset by the higher realised platinum and rhodium prices. The Base Metals results were impacted by sharply lower base metals prices, particularly in the fourth quarter as the LME copper price fell to 132 c/lb at the end of December. The impact of prices, as well as lower overall production and sales volumes and increased input costs, resulted in lower operating profit from the Base Metals division.

Group underlying earnings were $5,237 million, 4% lower than the prior year on a continuing basis. Underlying earnings from core operations were in line with 2007. Underlying earnings reflect the operational results discussed above, an increase in net finance costs due to higher interest as the result of an increase in debt levels, as well as an increase in the effective tax rate.

Group underlying earnings per share were $4.36 compared with $4.18 in 2007 on a continuing basis, reflecting the lower weighted average number of shares as a result of the share buyback programme.

Underlying earnings **$ million**	**Year ended** **31 Dec 2008**	Year ended 31 Dec 2007
Profit for the financial year attributable to equity shareholders of the Company – continuing operations	**5,215**	5,294
Operating special items including associates	**477**	713
Operating remeasurements including associates	**880**	(2)
Net profit on disposals including associates	**(1,027)**	(484)
Financing remeasurements including associates:		
Exchange (gain)/loss on De Beers preference shares	**(28)**	3
Unrealised net gains on non-hedge derivatives related to net debt	**(8)**	(28)
Tax remeasurements	**153**	–
Tax on special items and remeasurements including associates	**(264)**	15
Minority interests on special items and remeasurements including associates	**(161)**	(34)
Underlying earnings – continuing operations	**5,237**	5,477
Underlying earnings – discontinued operations	**–**	284
Underlying earnings – total Group	**5,237**	5,76
Underlying earnings per share ($) – continuing operations	**4.36**	4.18
Underlying earnings per share ($) – discontinued operations	**–**	0.22
Underlying earnings per share ($) – total Group	**4.36**	4.40

Profit for the year after special items and remeasurements decreased by 1% to $5,215 million compared with $5,294 million in the prior year. The decrease reflects the results discussed above and in the chief executive's statement, in particular a reduction in the operational results of non core businesses, as well as a charge of $880 million for operating remeasurements including a $760 million loss on non-hedge derivatives. This is partly offset by an increase in net profit on disposals, lower operating special items charges, particularly in the Group's associates, and a net tax credit on special items and remeasurements compared with a charge in 2007.

* Throughout the financial review, Group results are presented on a continuing basis unless otherwise stated and therefore exclude Mondi and AngloGold Ashanti in 2007.

The Group’s results are influenced by a variety of currencies owing to the geographic diversity of the Group. In 2008, there was a positive exchange variance in underlying earnings of $725 million. Results benefited from the weaker South African rand against the US dollar with an average exchange rate of R8.27 compared with R7.05 in 2007 as well as from the slightly weaker Australian dollar and Chilean peso, although these were partly offset by the overall strengthening of the Brazilian real over the year. There was a positive impact on underlying earnings from increased prices amounting to $1,311 million, reflecting better prices for coal, iron ore, manganese ore and alloys, platinum, rhodium and a range of Tarmac’s products, partly offset by significantly lower base metals prices.

Summary income statement **$ million**	**Year ended** **31 Dec 2008**	Year ended 31 Dec 2007
Operating profit before special items and remeasurements – continuing operations	**7,981**	8,518
Operating special items	**(352)**	(251)
Operating remeasurements	**(779)**	5
Operating profit from subsidiaries and joint ventures	**6,850**	8,272
Net profit on disposals	**1,009**	460
Share of net income from associates – continuing operations[1]	**1,113**	197
Total profit from operations and associates	**8,972**	8,929
Net finance costs before remeasurements	**(452)**	(137)
Financing remeasurements	**51**	29
Profit before tax	**8,571**	8,821
Income tax expense	**(2,451)**	(2,693)
Profit for the financial year – continuing operations	**6,120**	6,128
Minority interests	**(905)**	(834)
Profit for the financial year attributable to equity shareholders – continuing operations	**5,215**	5,294
Profit for the financial year attributable to equity shareholders – discontinued operations	**–**	2,010
Profit for the financial year attributable to equity shareholders – total Group	**5,215**	7,304
Basic earnings per share ($) – continuing operations	**4.34**	4.04
Basic earnings per share ($) – discontinued operations	**–**	1.54
Basic earnings per share ($) – total Group	**4.34**	5.58
Group operating profit including associates before special items and remeasurements – continuing operations	**10,085**	9,590
Group operating profit including associates before special items and remeasurements – discontinued operations	**–**	526
Group operating profit including associates before special items and remeasurements – total Group	**10,085**	10,116

[1] Operating profit from associates before special items and remeasurements – continuing operations	**2,104**	1,072
Operating special items and remeasurements[2]	**(226)**	(465)
Net profit on disposals[2]	**18**	24
Net finance costs (before remeasurements)	**(147)**	(85)
Financing remeasurements[2]	**(15)**	(4)
Income tax expense (after special items and remeasurements)	**(606)**	(303)
Minority interests (after special items and remeasurements)	**(15)**	(42)
Share of net income from associates – continuing operations	**1,113**	197

[2] See note 6 to the condensed financial statements.

Towards the beginning of this document, reference has been made to core operations. Operations considered core to the Group are Base Metals, Platinum, Ferrous Metals' core businesses (Kumba Iron Ore, Scaw Metals, Samancor Manganese and Anglo Ferrous Brazil), Coal and Diamonds. The table below reconciles operating profit from core operations to total Group operating profit.

Operating profit **$ million**	**Year ended** **31 Dec 2008**	Year ended 31 Dec 2007
Base Metals	**2,505**	4,338
Platinum	**2,226**	2,697
Ferrous Metals – core businesses[1]	**2,843**	1,210
Coal	**2,240**	614
Diamonds	**508**	484
Corporate Activities and Exploration	**(557)**	(449)
Operating profit including associates before special items and remeasurements – core continuing operations	**9,765**	8,894
Industrial Minerals	**228**	474
Ferrous Metals – other businesses[1]	**92**	222
Operating profit including associates before special items and remeasurements – continuing operations	**10,085**	9,590
Operating profit including associates before special items and remeasurements – discontinued operations	**–**	526
Operating profit including associates before special items and remeasurements – total Group	**10,085**	10,116
Underlying earnings – core continuing operations	**5,011**	5,031

[1] See the Ferrous Metals operations review.

Special items and remeasurements

	Year ended 31 Dec 2008			Year ended 31 Dec 2007		
$ million	**Excluding associates**	**Associates**	**Total**	Excluding associates	Associates	Total
Operating special items	**(352)**	**(125)**	**(477)**	(251)	(462)	(713)
Operating remeasurements	**(779)**	**(101)**	**(880)**	5	(3)	2
Operating special items and remeasurements	**(1,131)**	**(226)**	**(1,357)**	(246)	(465)	(711)

Operating special items and remeasurements, including associates, amounted to a charge of $1,357 million. Included in operating special items of $477 million was $393 million in respect of impairments and restructuring including a $140 million impairment relating to Base Metals assets, $91 million impairment and restructuring relating to Tarmac assets and $79 million relating to the Group's share of De Beers' impairment. Also included in special items and remeasurements were one-off costs associated with 'One Anglo' initiatives of $72 million. Operating remeasurements of $880 million principally related to net losses on non-hedge capital expenditure derivatives held by Anglo Ferrous Brazil and Los Bronces and an unrealised loss on an embedded derivative at Minera Loma de Níquel.

Net profit on disposals of $1,027 million which, including associates, was $543 million higher than 2007, includes the net profit of $551 million relating to the sale of the Group's interest in China Shenhua Energy, $142 million relating to the disposal of the interest in Minera Santa Rosa SCM and $101 million relating to the disposal of Northam Platinum Limited.

Financing remeasurements including associates are made up of an unrealised net gain of $8 million on non-hedge derivatives and a $28 million foreign exchange gain on retranslating De Beers US dollar preference shares held by a rand denominated entity.

Tax remeasurements amounted to a charge of $153 million related to foreign currency translation of deferred tax balances.

Net finance costs

Net finance costs from continuing operations, excluding net remeasurement gain of $51 million (2007: $29 million), increased to $452 million (2007: $137 million). The increase reflects higher interest costs due to the increase in debt and higher net foreign exchange losses on net debt monetary items, principally at Anglo Ferrous Brazil and Base Metals, partly offset by higher interest capitalised.

Taxation

	Year ended 31 Dec 2008			Year ended 31 Dec 2007		
$ million (unless otherwise stated)	**Before special items and remeasurements**	**Associates' tax and minority interests**	**Including associates**	Before special items and remeasurements	Associates' tax and minority interests	Including associates
Profit before tax	**8,832**	**654**	**9,486**	9,021	347	9,368
Tax	**(2,545)**	**(623)**	**(3,168)**	(2,676)	(305)	(2,981)
Profit for the financial year	**6,287**	**31**	**6,318**	6,345	42	6,387
Effective tax rate including associates (%)			**33.4**			31.8

IAS 1 *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's total tax charge on the face of the income statement. Associates' tax before special items and remeasurements included within 'Share of net income from associates' for the year ended 31 December 2008 was $623 million (2007: $305 million).

The effective rate of tax before special items and remeasurements, including share of associates' tax, on a continuing basis was 33.4%. This was an increase from the equivalent effective rate of 31.8% in the year ended 31 December 2007. The main reasons for this net increase are tax losses not recognised for deferred tax purposes and changes in the geographic mix of profits around the Group, partially offset by changes in statutory tax rates and the impact of prior year adjustments. In addition, the 2007 rate benefited from the availability of enhanced tax depreciation on certain assets.

Discontinued operations

On 2 July 2007, the Paper and Packaging business (Mondi) was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007, the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

Refer to note 17 for financial information on discontinued operations.

Balance sheet

Equity attributable to equity shareholders of the Company was $20,221 million compared with $22,461 million at 31 December 2007. This decrease resulted primarily from the balance sheet impact of weakening exchange rates relative to the US dollar (in particular the rand) partly offset by the consolidation of Amapá iron ore system and additional effective interest in the Minas-Rio iron ore project, the proportionate consolidation of the Foxleigh joint venture and the additional interest acquired in Anglo Platinum.

The $4 billion buyback programme announced in August 2007 was suspended, with around $1.7 billion of shares having been repurchased.

Cash flow

Net cash inflows from operating activities were $8,065 million compared with $6,800 million in 2007. EBITDA was $11,847 million, an increase of 6% from $11,171 million in 2007.

Acquisition expenditure accounted for an outflow (net of cash acquired) of $7,907 million (including settlement of related derivative instruments) compared with $1,934 million in 2007. This included $5,282 million in respect of the Group's acquisition of the controlling interest and subsequent acquisition of 97% of the remaining minorities in Anglo Ferrous Brazil SA and $1,113 million in respect of the Group's investment in ordinary shares in Anglo Platinum Limited.

Proceeds from disposals totalled $1,524 million including net cash inflows on the sale of the Namakwa Sands mineral sands operation to Exxaro of $311 million, $704 million from the sale of the Group's holding in China Shenhua Energy, $155 million on the sale of Tarmac Iberia and $205 million on the sale of Northam Platinum Limited by Anglo Platinum.

Purchases of tangible assets amounted to $5,146 million, an increase of $1,215 million. Planned increases in capital expenditure by Platinum, Base Metals, Ferrous Metals and Industrial Minerals were partly offset by lower expenditure by Coal.

Net cash received from financing activities was $3,542 million compared with net cash used in 2007 of $5,661 million. This primarily arose from the receipt of $6,616 million of additional borrowings (an increase in the year of $3,495 million) together with a $5,507 million reduction in cash outflow in respect of share purchases.

Liquidity and funding

Net debt, excluding hedges but including net debt of disposal groups (net cash of $8 million), was $11,043 million, an increase of $5,804 million from 31 December 2007. The increase reflects planned capital expenditure on projects in Platinum, Base Metals, Ferrous Metals and Industrial Minerals, debt taken on to fund the acquisition of the controlling interest and subsequent acquisition of 97% of the remaining minorities in Anglo Ferrous Brazil SA and to increase the stake in Anglo Platinum Limited. This was partly offset by operating cash inflows and $1.5 billion proceeds from disposals.

Net debt at 31 December 2008 comprised $13,960 million of debt, partly offset by $2,744 million of cash and cash equivalents (net of bank overdrafts) and $173 million current financial asset investments. Net debt to total capital[(1)] at 31 December 2008 was 37.8%, compared with 20.0% at 31 December 2007.

Over the last 12 months, Anglo American has issued medium and long term debt in the Euro and sterling bond markets, in addition to arranging new bank financing in both Europe and South Africa.

At 31 December 2008, Anglo American had undrawn bank facilities of $6.1 billion, cash deposits of $2.7 billion and commercial paper maturing throughout 2009 of $1.1 billion. Anglo American's only significant debt repayment in the next year is a $3 billion revolving bank facility (of which $1.1 billion was drawn at 31 December 2008) which matures in December 2009. In addition, a £300 million ($500 million) Euro bond matures in December 2010.

With respect to the $3 billion facility, the intention is to refinance part or all of the facility, subject to requirements, taking into consideration proceeds from disposal of assets and cash flow from operations, using a variety of sources which may include the issue of public bonds in the European and US markets and new bank facilities.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the refinancing of the facilities above, show that the Group will be able to operate within the level of its current facilities.

[(1)] Net debt to total capital is calculated as net debt divided by total capital less investments in associates. Total capital is net assets excluding net debt.

Weighted average number of shares

The weighted average number of shares used to determine earnings per share in 2008 was 1,202 million compared to 1,309 million in 2007. This reduction reflects the effect of the share buyback programme and the share consolidation following the demerger of the Paper and Packaging business in July 2007.

Dividends

The Board has decided to suspend dividend payments.

Analysis of dividends **US cents per share**	**2008**	2007
Interim dividend	**44**	38
Recommended final dividend	**-**	86
Total dividends	**44**	124

Operations review 2008

In the operations review on the following pages, operating profit includes associates' operating profit and is before special items and remeasurements unless otherwise stated. Capital expenditure relates to cash expenditure on tangible and biological assets. Share of Group operating profit and share of Group net operating assets for both 2008 and 2007 are based on continuing operations and therefore, in 2007, exclude the contribution from Mondi and AngloGold Ashanti.

BASE METALS

$ million (unless otherwise stated)	**Year ended 31 Dec 2008**	Year ended 31 Dec 2007
Operating profit	**2,505**	4,338
Copper	**2,017**	2,983
Nickel, Niobium, Mineral Sands and Phosphates	**507**	786
Zinc	**136**	654
Other	**(155)**	(85)
EBITDA	**2,845**	4,683
Net operating assets	**5,474**	4,989
Capital expenditure	**1,494**	610
Share of Group operating profit	**25%**	45%
Share of Group net operating assets	**17%**	19%

Operating profit at Base Metals of $2,505 million was some 42% lower than the previous year. This followed sharply lower copper, nickel, zinc and lead prices, including a significant $591 million adverse mark to market and final liquidation adjustment due to lower realised copper prices on revenue initially recognised on provisionally priced sales, as well as lower copper prices at the end of 2008. Of the negative mark to market and final liquidation adjustment, there was a positive impact of $265 million in the first half, offset by a negative impact of $856 million in the second half. Lower overall sales volumes and continued rises in input costs also contributed to the reduction in operating profit. The sale of Namakwa Sands was completed on 1 October 2008, with that operation therefore only contributing for nine months of the year.

Markets

Average market prices (c/lb)	**2008**	2007
Copper	**315**	323
Nickel	**953**	1,686
Zinc	**85**	147
Lead	**95**	118

During the first nine months of 2008, the copper market continued to be tight, with prices rising to an all time record level of 407 c/lb in July. However, concerns about future global economic growth in the latter half of the year led to a sharp drop in prices, with copper ending the year at 132 c/lb. Weakness in the nickel market continued into 2008, with rising inventories (LME stocks closing the year at a 13-year high) and declining economic sentiment, leading to a material drop in prices. Zinc prices continued to weaken materially for similar reasons.

Operating performance

Copper division	**2008**	2007
Operating profit ($m)	**2,017**	2,983
Attributable production (tonnes)	**641,300**	655,000

Los Bronces, Collahuasi and Mantoverde all increased production in 2008, partially offsetting lower production at both El Soldado and, less so, at Mantos Blancos. Record production was achieved at Los Bronces and Mantoverde.

Los Bronces increased output by 2% principally due to higher ore grades. The Group's share of Collahuasi's production was 3% higher than for 2007 as a result of significantly improved grades, somewhat offset by pipeline and pumping constraints and a SAG mill motor stator failure in September. Production at El Soldado was 32% lower as a consequence of lower ore grades, largely owing to challenging rock stability conditions impacting sequencing in the underground and open pit mines. Output from Mantoverde was 2% higher following recoveries from the heap leach operations, achieving a record level. At Mantos Blancos, production fell by 3%; while improved throughput and grades lifted concentrate production, this was offset by lower cathode production resulting from lower volumes of ore and enriched solution purchased from third parties. Chagres' output fell by 11%, mainly due to the lower average grade of concentrate treated.

Nickel, Niobium, Mineral Sands and Phosphates	2008	2007
Operating profit ($m)	**507**	786
Attributable nickel production (tonnes)	**20,000**	25,600

At Codemin, output fell 8% owing to a scheduled stoppage to reline one of the furnaces. Sales fell 15%, reflecting the lower production and also a slowdown in stainless steel producer offtake. At Catalão, niobium production reduced by 2% as a result of lower recoveries on ore from the Boa Vista mine. Performance at Copebrás during 2008 can be divided into two distinct phases: from January to August, demand for all products was extremely strong and the company sold its entire production at rising prices; from September onwards, sales volumes and prices reduced sharply as farmers were forced to reduce or even curb fertiliser usage completely owing to the reduced availability of credit arising from the global economic downturn.

Loma de Níquel's production declined by 31% following strike action and a consequential series of operational difficulties on restarting the plant, as well as two nationwide power outages. Sales fell 33%, partly reflecting lower production, but also because of congestion and delays at the port, compounded by the bankruptcy of the main shipper and a number of cancellations from customers towards the year end.

In January 2008, Minera Loma de Níquel (MLdN) was notified of the intention of the Venezuelan Ministry of Basic Industries and Mining (MIBAM) to cancel 13 of its exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. These concessions do not include the concessions where the current mining operations and metallurgical facilities are located. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if MIBAM's ruling does not adequately protect its interests.

Anglo American and MLdN continue to strive to resolve the matter by way of constructive dialogue; however, Anglo American and MLdN believe that there is a valid legal basis to reverse the notices of termination and will pursue all appropriate legal and other remedies and actions to protect their respective interests both under Venezuelan and international law. As such, Anglo American anticipates restoration of these 13 concessions and renewal of all concessions that expire in 2012. As a result, the Group continues to consolidate MLdN and no impairment has been recorded for the year ended 31 December 2008.

In a separate development, the environmental permit for slag deposition expired on 23 November 2008. Pending reissuance of the permit, MLdN implemented a short term contingency plan to allow operations to continue by storing the slag in various locations in the plant area. On 23 December, MLdN suspended operations, but a satisfactory temporary alternative operating and deposition approach was developed which enabled operations to restart on 28 January 2009.

At 31 December 2008, Anglo American's interest in the book value of MLdN, including its mineral rights, was $443 million (as included in the Group's balance sheet). In the 12 months to December 2008, MLdN's production and contribution to Group operating profits were respectively 10,900 tonnes of nickel in ferronickel and $30 million. The average price of nickel in 2008 was 953 c/lb. As of 19 February 2009, the price of nickel was 447 c/lb.

Anglo American is proud of its record in Venezuela, where it has invested substantial amounts in exploration and subsequently the construction of the country's only primary nickel producer. It is a major contributor to and employer in the Venezuelan economy as well as a significant tax payer. The operation continues, as it has always done, to work constructively with all stakeholders – employees, local communities and government – and to the highest sustainable development, social and environmental standards.

Zinc division	**2008**	2007
Operating profit ($m)	**136**	654
Attributable zinc production (tonnes)	**340,500**	343,100
Attributable lead production (tonnes)	**62,900**	62,100

At Skorpion, production was 3% lower owing to electricity supply constraints in southern Africa in the first quarter, mechanical failure of a cathode crane in the electrowinning cellhouse and industrial action. Despite tight cost control, mine operating unit costs rose following lower production volumes and rising input costs. At Lisheen, zinc production increased by 2% primarily as a result of higher feed grades and improved metallurgical recoveries, but lead output was down 21% due to lower grades and recoveries. Improvements in stope availability and underground infrastructure at Black Mountain resulted in a 13% increase in tonnage mined, despite the week-long unplanned stoppage of the mine and plant in January following a power shortage in South Africa. Lower zinc grades and recoveries resulted in zinc production decreasing by 1% to 27,900 tonnes, although lead production increased by 12% to 47,000 tonnes. The sale of 26% of Black Mountain and Gamsberg to Exxaro Resources was completed on 3 November 2008, following the successful conversion of old order to new order mining rights.

Impairments of $78 million and $62 million were provided at Lisheen and Black Mountain respectively.

Projects

Base Metals has a strong project pipeline which provides significant scope for organic growth in the medium and long term. Anglo American's review of its capital expenditure programmes in late 2008 resulted in the decision to slow the rate of development of the two major projects under construction, Barro Alto and the Los Bronces expansion project.

The Barro Alto nickel project in Brazil has been delayed by a year and first production is now planned for early 2011. Owing to pressure on project costs and exchange rate fluctuations, total capital expenditure for the project is now estimated at $1.6 - 1.8 billion, of which $1.2 billion has been spent and committed.

Construction progress on the $2.2 - 2.5 billion Los Bronces expansion project in Chile was in line with plan. Targeted commissioning has, however, now been pushed out by eight months to late 2011. Cost pressures remain and will be managed closely under the revised project schedule and in the context of the changing global economic environment.

At Collahuasi, further progress was made on the 140,000 tonne per day concentrator throughput de-bottlenecking project, which has now been commissioned.

The revised feasibility for the Quellaveco project in Peru reached an advanced stage of completion during the year. Resource development, community projects, a technical review and project optimisation work are continuing. Also in Peru, the Michiquillay project, acquired through a privatisation auction in 2007, received the social licences from both the Michiquillay and La Encañada communities, and will now proceed into the exploration phase.

Chagres, Mantoverde, Collahuasi and Gamsberg all have early-stage studies under way, examining options for projects that will either increase production and/or extend mine lives.

Outlook

In January 2009, Codelco, the Chilean mining company, did not exercise its option to purchase up to a 49% minority interest in Anglo American Sur, the wholly owned Group company that owns the Los Bronces and El Soldado copper mines and the Chagres smelter. The window for exercising the option is limited to once every three years in the month of January until January 2027. The next such window is in January 2012.

Production of nickel, subject to operating difficulties in Venezuela, and copper are forecast to increase in 2009, with zinc and phosphate production remaining at similar levels to 2008. Operating margins are expected to start to benefit from declining costs of certain key inputs, such as fuel, energy, sulphur, sulphuric acid, ammonia and explosives.

For all base metals, a period of price weakness is anticipated due to the weak outlook for global growth. Across the industry, persistent supply side constraints in the case of copper and, for nickel and zinc, the closure of operations or deferral of projects, should support a price recovery once signs of a sustained improvement in demand start to emerge.

PLATINUM

$ million (unless otherwise stated)	**Year ended 31 Dec 2008**	Year ended 31 Dec 2007
Operating profit	**2,226**	2,697
EBITDA	**2,732**	3,155
Net operating assets	**9,045**	9,234
Capital expenditure	**1,563**	1,479
Share of Group operating profit	**22%**	28%
Share of Group net operating assets	**27%**	35%

Anglo Platinum's operating profit declined by 17% to $2,226 million. This was as a result of lower metal sales and significant increases in key input costs, partly offset by a higher price achieved for the basket of metals sold and a weaker average rand dollar exchange rate.

The average dollar price realised for the basket of metals sold equated to $2,764 per platinum ounce, a 7% rise over 2007, with higher prices achieved for platinum and rhodium making the largest contribution to the increase. The average realised price for platinum of $1,570 per ounce was $268 or 21% above the 2007 figure, while the achieved nickel price was sharply lower at $9.79 per pound (2007: $17.04). Anglo Platinum successfully renegotiated the contract sales terms for rhodium, resulting in the realised sales price of rhodium moving closer to market prices during 2008. The average price achieved on rhodium sales for the year was $5,174 per ounce.

Markets

2008 was a year of unprecedented price volatility in the platinum market with platinum reaching a record of $2,276 per ounce in March before falling sharply as economic conditions deteriorated. In the second half of the year, the global economic downturn reduced credit availability for vehicle purchases. Anglo Platinum estimates that demand from the autocatalyst segment decreased by more than 8%, or 330,000 ounces, owing to the smaller number of vehicles produced and a run-down of stock levels by major auto companies. Although not immune to the global economic downturn, industrial demand held up reasonably well in 2008, with demand increasing in some areas such as the chemical sector as investment in new capacity reached a peak. High prices in the first half of the year discouraged consumer purchases of jewellery and increased the recycling of old jewellery, thereby reducing demand for new metal. In the second half of the year, the declining price of platinum encouraged purchases of metal by jewellers and investors alike.

The global supply of platinum has decreased by 11%, or 740,000 ounces, over the past two years and is not expected to increase in the current global economic environment.

Anglo Platinum expects a balanced platinum market in 2009. It also anticipates that the platinum price, which suffered 'downside overcorrection' on negative news flow in the second half of 2008, is likely to trade above $1,000 per ounce on average during 2009.

Operating performance

Refined platinum production for the year of 2,386,600 ounces was 4% lower than 2007 but in line with the mid-2008 forecast.

Several factors impacted production at operations, including safety related stoppages; the suspension of operations to rehabilitate shaft steelwork at the Turffontein shaft of Rustenburg Mine; the disruption of operations at the Amandelbult Mine as a result of a major flood event; electricity supply constraints in January and the associated ramp up period when supply resumed; commissioning delays at Mogalakwena North concentrator and lower throughput at the Mogalakwena South concentrator; the overall expected reduction in built-up head grade; and furnace run-outs at the Polokwane and Waterval smelters.

These reductions were largely offset by an increase in purchased ounces from the new Eland Platinum mine, which commenced delivery to Anglo Platinum in December 2007, together with increased output from the new Mogalakwena North pit and the Modikwa and Kroondal Platinum mines.

The cash operating cost per equivalent refined platinum ounce (in respect of Anglo Platinum's own mines plus its share of joint ventures) increased by 36% to R11,093 per ounce. The increase in unit costs is attributable primarily to above inflation pressures experienced in key input costs including labour, diesel, chemicals, steel grinding media, explosives and cement, compounded by reduced production from Anglo Platinum's attributable share of mining operations.

Anglo Platinum's focus on safety, based on Zero Harm and a change in safety culture, has resulted in an improvement in the safety performance across the operations with the lost-time injury frequency rate improving by 14% to 1.74 from 2.03 in 2007. Despite the improvement, 17 employees lost their lives at Anglo Platinum's managed operations during the year, compared with 25 in 2007. Safety continues to be a focus area in the company's aspiration towards Zero Harm through the elimination of all unsafe incidents and conditions.

Projects

The rapid decrease in revenue in the second half of 2008 led to declining margins, increased debt levels and confirmation that global economic events would negatively influence short term demand. In line with the Anglo American Group, a review of the company's capital expenditure programme was completed, resulting in the reduction of total expected capital expenditure for 2009 to $900 million through the deferral of expenditure across several major and numerous smaller projects.

The criteria used to determine project expenditure deferral were to maximise short term reductions in expenditure and minimise the delay in reaching full production. The expected reduction in short term production arising from the deferral of capital projects is largely expected to match the reduced demand.

The commissioning of the Mogalakwena North expansion project concentrator is complete. Capital expenditure planned for the accelerated removal of overburden at the new North pit has been deferred. As a result, less ore will be exposed, thereby reducing the level of mining output originally planned for 2009.

Outlook

Notwithstanding the current uncertainty in the global resources and platinum sectors, Anglo Platinum's long term strategy to develop the market for platinum group metals, expand its production into that opportunity and to conduct its business cost-effectively and competitively remains sound.

The long term prosperity of the business is considered when taking short term action and Anglo Platinum will continue to respond to the challenges that face the platinum industry. Whilst the planned level of refined platinum production of 2.4 million ounces is currently expected to be appropriate for 2009, the Company will take appropriate action should economic conditions affecting net platinum demand deteriorate further. Production levels will be continually monitored against global economic developments and revised production guidance will be provided when appropriate.

In order to maintain positive operating margins at the planned 2009 production level of 2.4 million ounces of refined platinum, the current cost of production will be reduced. This will be achieved through active management of the supply chain to realise, without delay, the benefits of the significant reduction of input commodity prices; safely reducing units of consumption where possible; managing labour more effectively to improve efficiencies through re-skilling and re-deployment where required; avoiding recruitment of non-critical positions; and reducing the number of contract employees at operations.

Every effort will be made to avoid the retrenchment of permanent employees. However, should economic conditions deteriorate further, this may become unavoidable.

FERROUS METALS AND INDUSTRIES

$ million (unless otherwise stated)	**Year ended 31 Dec 2008**	Year ended 31 Dec 2007
Operating profit	**2,935**	1,432
Kumba Iron Ore	**1,618**	834
Scaw Metals	**274**	172
Samancor Manganese	**980**	225
Anglo Ferrous Brazil	**(8)**	(9)
Other	**(21)**	(12)
Core businesses	**2,843**	1,210
Tongaat-Hulett / Hulamin	**92**	114
Highveld Steel	**-**	108
Other businesses	**92**	222
EBITDA	**3,064**	1,561
Net operating assets	**11,167**	3,987
Capital expenditure (including biological assets)	**832**	471
Share of Group operating profit	**29%**	15%
Share of Group net operating assets	**34%**	15%

Operating profit at Anglo Ferrous Metals reached a record $2,935 million, with operating profit from its core businesses increasing by 135% to $2,843 million, mainly due to higher iron ore sales volumes and higher iron ore, manganese ore and alloy prices.

Markets

World crude steel production decreased by 1.2% in 2008 to 1.33 billion tonnes. China's steel production grew by 2.6%, with its share of global production rising to 37.8%. However, as a result of the decline in steel demand in the final quarter of 2008, demand for iron ore has decreased significantly, resulting in reduced production and delays to project capital spend from major iron ore producers.

Similarly, the manganese ore and alloy market was characterised by increasing stocks and falling prices towards the end of the year, as steel mills delayed or cancelled their purchases. As a result, major suppliers announced plans to reduce production in the fourth quarter of 2008. A return to production at full capacity will depend on improved global economic conditions.

Operating performance

Kumba Iron Ore achieved a strong financial and operational performance for the year, with operating profit increasing by 94% to $1,618 million, principally as a result of higher export prices, higher export sales volumes and increased revenue from shipping operations. These improvements were offset marginally by a 20% increase in net operating expenses, mainly due to the shipping operations, rising costs of fuels and lubricants and broad inflationary pressures. Production increased by 13% to 36.7 million tonnes (Mt), principally as a result of the Sishen jig plant (Sishen expansion), which achieved production of 4.7 Mt for the year.

Scaw Metals delivered a record operating profit of $274 million, with strong demand for most of its products. Margins remained under pressure owing to significant price increases in key raw materials and import competition but they were able to successfully pass this on to its customers.

Anglo Ferrous Brazil comprises the Group's effective 99.4% interest in the Minas-Rio iron ore project, the effective 69.2% interest in the Amapá iron ore system and the 49% interest in LLX Minas-Rio. The Amapá system is at a pre-operational phase while ramping up to design capacity of 6.5 Mtpa. In 2008, the ramp-up of operations was significantly slower than previously envisaged, with annual production totalling 1.2 Mt. Anglo American, together with its partner at Amapá, Cliffs Natural Resources Inc., is studying all aspects of the mine and taking proactive steps to ensure that production is ramped up to design capacity.

Samancor Manganese delivered record results with operating profit of $980 million, more than four times its $225 million contribution in 2007, following a sharp increase in manganese ore and alloy prices for most of 2008.

The Tongaat-Hulett and Hulamin contribution to operating profit declined by 19% to $92 million. Following the unbundling of Hulamin from Tongaat-Hulett and related empowerment transactions in June 2007, these businesses, which were consolidated for the first six months of 2007, were equity accounted in the second half of 2007 and for the full 12 months of 2008.

Projects

Minas-Rio's capital expenditure programme fell behind schedule during 2008, mainly due to the delay in obtaining several environmental licences and permits that prevented the initiation of works, particularly at the mine and beneficiation plant. The project also experienced delays in negotiations with groups of landowners, thereby slowing the progress on the pipeline, transmission line and the access roads to the port. However, a number of other key environmental licences were granted during the year, including the Installation Licences for the port and pipeline and the Preliminary Licences for the beneficiation plant and the mine.

The pace of construction at Minas-Rio is driven by the timing of the Environmental Licence and other permits, and there is therefore expected to be a 12 to 15 month commissioning delay to the first phase of the Minas-Rio iron ore project, with first iron ore production now expected in the second quarter of 2012. Planned annual capacity will be 26.5 Mtpa of iron ore pellet feed at an anticipated cost of $3.6 billion which is currently being updated following the announced delay.

Anglo American will continue to develop the Minas-Rio iron ore project during 2009, with planned capital expenditure for the year focusing on the port and pipeline units. The timing of the capital expenditure will be further adjusted in accordance with the granting of the Environmental Licence and other permits. The pre-feasibility study for the second phase of the Minas-Rio iron ore project was initiated during 2008, a phase which will further increase Anglo American's long term iron ore production capacity.

Sishen's jig plant commenced commercial production during the year, having been commissioned at the end of 2007. Ramp-up continues and full design capacity of 13 Mtpa is expected to be achieved in the fourth quarter of 2009.

The Sishen South project, which involves the development of an opencast mine some 80 kilometres south of Sishen mine, was approved in July 2008. Earthworks have commenced and bulk construction is scheduled to begin with the establishment of the major civil contracts during the first quarter of 2009. The mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9 Mtpa in 2013.

The $183 million GEMCO expansion project in Australia's Northern Territory is expected to be completed in the first half of 2009. The project is on target to increase GEMCO's manganese ore production capacity from 3.0 million dry metric tonnes per annum (mdmt pa) to 4.0 mdmt pa.

Outlook

The first half of 2009 is expected to be a challenging period for sales volumes of iron ore and manganese ore and alloys.

Kumba Iron Ore plans to increase iron ore production by approximately 10% during 2009 as the ramp up of the jig plant continues. Kumba will continue to target customers in China in order to redirect any lower contract sales volumes in Europe or Japan. In the short term, minor production cutbacks may be appropriate to produce a higher quality product. More substantial production cutbacks are dependent on the scale of demand reductions from Europe and Japan and the extent to which these can be offset by demand from China.

Iron ore price negotiations are a key area of uncertainty in the volatile economic conditions, though Kumba's high quality product range and the strength of its longstanding customer relationships are expected to enable the company to continue its successful performance. Iron ore market fundamentals remain robust in the medium to long term.

The market for manganese ore and alloys is dependent on the carbon steel industry and is therefore directly impacted by the current weak steel markets. Should global steel production decline further during 2009, manganese ore and alloy prices are expected to remain under pressure.

Demand for Scaw Metals' products is expected to remain strong, driven by demand from the mining and infrastructure sectors. However, profitability is likely to remain under pressure from increasing input costs.

COAL

$ million (unless otherwise stated)	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Operating profit	**2,240**	614
South Africa	**736**	414
Australia	**1,144**	9
South America	**396**	227
Canada	**8**	–
Projects and corporate	**(44)**	(36)
EBITDA	**2,585**	882
Net operating assets	**3,962**	3,984
Capital expenditure	**933**	1,052
Share of Group operating profit	**22%**	6%
Share of Group net operating assets	**12%**	15%

Coal delivered a record operating profit of $2,240 million, a 265% increase over 2007. This resulted from higher metallurgical and thermal coal prices, combined with increased coal production totalling 99.5 Mt, weaker exchange rates and the early benefits of tighter operational discipline across the businesses, partially offset by further rises in the costs of royalties, fuel, rail, labour and most key consumables.

Markets

2008 began with a very tight international metallurgical coal market, with supply falling into deficit as a result of bad weather in Queensland which had the effect of reducing coal production and shipping volumes during the first quarter. These events resulted in 2008 coal prices being settled at historically high levels. By the end of the year, however, market conditions had deteriorated significantly, with a collapse in global steel production leaving the metallurgical coal market oversupplied.

Demand for thermal coal remained strong in 2008 with increased consumption, particularly in the north Asia region. Prices continued to increase during the first half of the year, reaching a peak in early July, driven by the cold winter in China together with numerous coal production and logistics difficulties, including electricity shortages in South Africa. The increase in crude oil and natural gas prices during the same period allowed thermal coal to maintain its price competitiveness against these fuels despite the significant coal price increases. In the last quarter of the year, the global economic downturn caused a sharp drop in oil prices and thermal coal prices declined in line.

Operating performance

South Africa

Operating profit from South Africa sourced coal was 78% higher at $736 million, mainly due to the increase in export thermal prices and a weaker exchange rate. During January 2008, South African operations were affected by Eskom load shedding, which evolved into a national electricity crisis. Despite this, annual production remained constant at 59.4 Mt, driven mainly by operational efficiency and equipment improvements, higher output at Kleinkopje, where additional coal for Eskom was produced in order to alleviate the power crisis, as well as at Mafube, which ramped up production.

Australia

Operating profit from Australia was a record $1,144 million, largely resulting from the significant increase in metallurgical coal prices and production, partly offset by cost and royalty increases. Production reached record levels of 27.8 Mt despite the delays caused by abnormal levels of rainfall in the first quarter. Such production was achieved through implementing higher cost volume initiatives to take advantage of market conditions and the successful negotiation of alternative port and rail corridors in order to alleviate expansion constraints.

South America

Operating profit from South America was 74% higher than 2007 at $396 million, driven primarily by 33.3% held Cerrejón in Colombia. Cerrejón's significantly increased operating profit was offset by higher fuel prices, the appreciation of the Colombian peso and an increase in royalties arising from higher realised sales prices. The mine's total sales were 6% higher at 31.5 Mt as growth continued as planned towards the 32 Mtpa profile. In Venezuela, total sales at Carbones del Guasare were sharply lower at 4.6 Mt following a lack of availability of equipment, spares and ongoing political, logistical and labour disruptions.

Canada

Peace River Coal commenced commercial production of high quality coking coal in January 2008 at its Trend Mine in British Columbia, delivering $8 million of operating profit in the year. Total coal production for the year was 0.8 Mt.

Projects

In South Africa, the $473 million Zondagsfontein project is under construction and includes a 50:50 joint venture plant with BHP Billiton Energy Coal South Africa. The project is on track to deliver 6.6 Mtpa of export and Eskom coal from 2010, with first production expected in the second quarter of 2009. The Mafube project achieved production rates of 5.4 Mtpa in 2008, work continues on the housing project and the conveyor system and completion is expected in early 2009. MacWest is nearly complete, with first production achieved in July 2008 and full production of 2.7 Mtpa expected in March 2009.

In Australia, the $726 million Lake Lindsay coking coal project is progressing well; the coal handling and preparation plant has been commissioned, having achieved milestones on or ahead of plan, while the dragline started operations in January 2009. The $839 million Dawson expansion project was completed in 2008. The Foxleigh mine was acquired in February 2008, delivering additional volumes and synergies with Anglo American's adjacent operations.

In Canada, Peace River Coal is making good progress on a $95 million capitalisation programme to acquire and operate its own mining equipment fleet.

In Colombia, the $42 million (attributable) expansion at Cerrejón to 32 Mtpa is complete and full production is expected to be achieved early in 2009. Feasibility studies are under review to expand the operation to around 40 Mtpa.

Outlook

Global economic weakness has led to a rapid decline in global steel production following falling demand from the construction and automotive sectors in particular. This continues to have a significant impact on the metallurgical coal market. In the thermal coal market, underlying demand remains relatively strong, although the decline in the oil price is having a significant impact.

The outlook for 2009 for both metallurgical and thermal coal remains uncertain in a testing macro-economic environment where global energy prices are expected to be highly volatile.

In response to weakening markets, Coal's plans to grow metallurgical coal production by 10% during 2009 were curtailed and output is expected to be marginally below 2008 levels. Should conditions change materially, Coal will respond with further adjustments to its metallurgical coal production.

DIAMONDS

$ million (unless otherwise stated)	**Year ended 31 Dec 2008**	Year ended 31 Dec 2007
Share of associate's operating profit	**508**	484
EBITDA	**665**	587
Group's aggregate investment in De Beers	**1,623**	1,802
Share of Group operating profit	**5%**	5%

The Group's share of operating profit from De Beers rose by 5% to $508 million.

De Beers' sales for 2008 at $6,888 million (attributable $3,096 million) were marginally above the previous year (2007: $6,836 million (attributable $3,076 million)), though below expectation owing to the impact of the global economic downturn. Over the first nine months, the Diamond Trading Company (DTC), which represented 86% of De Beers' total sales, achieved record sales as buoyant demand for diamonds translated into increased prices. Fourth quarter sales slowed as a result of the downturn and the consequent liquidity squeeze in the key global cutting centres.

Net interest bearing debt fell to $3.55 billion (2007: $4.06 billion) as a result of the benefits of a stronger dollar, the repayment of debt and shareholder support. In light of the weak outlook for diamond sales, the shareholders of De Beers have agreed to provide loans to De Beers, proportionate to their shareholdings, totalling $500 million in 2009. Anglo American holds a 45% interest in De Beers and will therefore provide a loan of up to $225 million. De Beers is an associate company of Anglo American and its debt is therefore not consolidated onto Anglo American's balance sheet.

Markets

Global retail sales showed steady growth during the first half of 2008 driven principally by the emerging markets of China, India and the Middle East. However in 2008, the all important holiday period took place amidst significant weakness in US economic sentiment, with American consumers, the world's major diamond purchasers, cutting back sharply on spending. The luxury goods sector appears to have been particularly impacted, with jewellery retailers in the US reporting double digit year-on-year declines over the traditional key buying season between Thanksgiving and Christmas. As a result, we estimate that global diamond retail sales were down, in the low single digits, for the year as a whole.

Operating performance

During the year, De Beers produced 48.1 million carats (2007: 51.1 million carats). Production from Debswana was 32.3 million carats (2007: 33.6 million carats), Namdeb yielded 2.1 million carats (2007: 2.2 million carats), while the output from South African operations fell to 12.0 million carats (2007: 15.0 million carats). The new Canadian operations at Snap Lake and Victor produced 1.6 million carats (2007: 81,000 carats).

Element Six recorded total annual sales of almost $500 million for the year and growth of 25% as a result of the inclusion of a full year's trading in respect of E6 Hard Materials (Barat Carbide), acquired in 2007, as well as organic growth.

De Beers has made an impairment to goodwill of $176 million ($79 million attributable) as well as a $82 million charge ($37 million attributable) in relation to restructuring and retrenchment as a result of current trading conditions.

Projects

For the first time in its history, De Beers opened three new mines in one year. In Canada, Victor mine in northern Ontario was completed and commissioned eight months ahead of schedule, while Snap Lake mine in the Northwest Territories commenced commercial production in early 2008, with both mines achieving full production in the second half. De Beers' Voorspoed mine in South Africa was officially opened in November and is expected to produce 8.3 million carats at an average value of $120 per carat over the next 12 to 16 years.

Outlook

The global economic crisis is having a significant impact on sales of retail diamond jewellery, liquidity and demand for rough diamonds in the cutting centres. This, in turn, has resulted in a reduction in sales of rough diamonds by the DTC. Trading conditions are expected to remain challenging throughout 2009. De Beers has taken steps to significantly reduce production levels, costs and capital expenditure across all operations. These actions, together with the business restructuring initiatives already completed, including the disposal of the marginal Cullinan and Williamson mines, have positioned De Beers to weather this tough economic environment.

Recent market research from the US and China confirm that consumers' desire for diamonds remains strong. As economic conditions improve, emerging demand, coupled with the decline in long term diamond supply, is expected to form a positive foundation for future increases in diamond prices.

INDUSTRIAL MINERALS

$ million (unless otherwise stated)	**Year ended 31 Dec 2008**	Year ended 31 Dec 2007
Operating profit	**228**	474
EBITDA	**487**	732
Net operating assets	**3,335**	4,509
Capital expenditure	**301**	274
Share of Group operating profit	**2%**	5%
Share of Group net operating assets	**10%**	17%

Tarmac's operating profit fell by 52% to $228 million compared with 2007, mainly due to the impact of significant cost increases as well as a decline in the UK volumes of around 20% in the second half of the year. Tarmac accelerated cost reductions and generated operating savings of $101 million, while maintaining its market share. As a result, Tarmac continued to make a positive cash flow contribution with net cash inflow from operating activities of $398 million.

In the UK, operating profits fell by 65% on a like-for-like basis, with sales falling in line with the overall market. At Tarmac International, operating profits (excluding the positive impact of exchange rates and on a like-for-like basis) were broadly in line with 2007, benefiting from previous expansionary investment and relative resilience in certain markets such as Poland.

Markets

The construction industry in the UK experienced challenging market conditions during 2008, particularly in the second half of the year with the rapid deterioration in UK house-building activity. The volatility of energy prices and the impact on cement and distribution costs also continued to affect the industry. Overall in continental Europe, the decline in construction activity has been less severe to date than in the UK.

Operating performance

Volumes in the UK aggregates and concrete products were 15-20% lower than the prior year, with significantly reduced demand from the housing and commercial sectors, while asphalt volumes showed more resilience, with similar volumes to 2007. Tarmac showed declines in line with the market as it maintained its leadership positions in key areas.

The significant decline in volumes from UK Aggregate Products in the second half prompted a portfolio right-sizing exercise. 45 operating sites have been mothballed and further cost savings of $63 million were achieved through an increased focus on capacity and cost reduction. Underlying operating profit for this business fell by 42% compared with 2007 (after adjusting for the United Marine Aggregates (UMA) acquisition and the impact of exchange). During 2008, the remaining 50% of the UMA business was acquired from Hanson.

Within Tarmac, the UK Building Products business was affected by the economic downturn to the greatest extent and saw underlying operating profits fall by 69% (before the impact of exchange). Mothballing six operating sites and further cost savings of $21 million reduced the effect of weakening demand on the business's operating profit.

Tarmac International's underlying operating profit (on a like-for-like basis) was in line with 2007, with favourable market conditions in Poland and cost savings of $17 million offsetting emerging weakness in France. Tarmac Iberia was sold in August 2008 to Holcim for $186 million.

Following a structural review of the Industrial Mineral business by management, as a result of trading conditions in the construction sector, restructuring and impairments charges totalling $91 million have been recorded.

Outlook

The outlook in the short to medium term is for continued demand weakness in UK and international markets. Tarmac will continue to take steps to adapt to market changes through capacity reductions. Additional cost saving and a continued focus on cash generation, while maintaining existing market leadership, will ensure that the business remains both resilient and well positioned for the future.

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CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2008

Consolidated income statement
for the year ended 31 December 2008

US$ million	Note	Before special items and remeasurements 2008	Special items and remeasurements (note 6) 2008	2008	Before special items and remeasurements 2007	Special items and remeasurements (note 6) 2007	2007
Group revenue	3	**26,311**	**–**	**26,311**	25,470	–	25,470
Total operating costs		**(18,330)**	**(1,131)**	**(19,461)**	(16,952)	(246)	(17,198)
Operating profit from subsidiaries and joint ventures	3	**7,981**	**(1,131)**	**6,850**	8,518	(246)	8,272
Net profit on disposals	6	**–**	**1,009**	**1,009**	–	460	460
Share of net income from associates	3	**1,303**	**(190)**	**1,113**	640	(443)	197
Total profit from operations and associates	3	**9,284**	**(312)**	**8,972**	9,158	(229)	8,929
Investment income		**589**	**–**	**589**	616	–	616
Interest expense		**(850)**	**–**	**(850)**	(797)	–	(797)
Other financing (losses)/gains		**(191)**	**51**	**(140)**	44	29	73
Net finance costs	7	**(452)**	**51**	**(401)**	(137)	29	(108)
Profit before tax		**8,832**	**(261)**	**8,571**	9,021	(200)	8,821
Income tax expense	8	**(2,545)**	**94**	**(2,451)**	(2,676)	(17)	(2,693)
Profit for the financial year – continuing operations		**6,287**	**(167)**	**6,120**	6,345	(217)	6,128
Profit for the financial year – discontinued operations	17	**–**	**–**	**–**	318	1,726	2,044
Profit for the financial year – total Group		**6,287**	**(167)**	**6,120**	6,663	1,509	8,172
Attributable to (continuing operations):							
Minority interests		**1,050**	**(145)**	**905**	868	(34)	834
Equity shareholders of the Company	4	**5,237**	**(22)**	**5,215**	5,477	(183)	5,294
Attributable to (discontinued operations):							
Minority interests		**–**	**–**	**–**	34	–	34
Equity shareholders of the Company	4	**–**	**–**	**–**	284	1,726	2,010
Attributable to (total Group):							
Minority interests		**1,050**	**(145)**	**905**	902	(34)	868
Equity shareholders of the Company	4	**5,237**	**(22)**	**5,215**	5,761	1,543	7,304

	Note	2008	2007
Earnings per share (US$)			
Basic – continuing operations	9	**4.34**	4.04
Basic – discontinued operations	9	**–**	1.54
Basic – total Group	9	**4.34**	5.58
Diluted – continuing operations	9	**4.29**	3.99
Diluted – discontinued operations	9	**–**	1.51
Diluted – total Group	9	**4.29**	5.50
Dividends			
Proposed ordinary dividend per share (US cents)		**–**	86
Proposed ordinary dividend (US$ million)		**–**	1,031
Ordinary dividends paid during the year per share (US cents)		**130**	113
Ordinary dividends paid during the year (US$ million)		**1,538**	1,527
Dividend in specie (US$ million)		**–**	3,718

Underlying earnings and underlying earnings per share are set out in note 9.

Consolidated balance sheet
as at 31 December 2008

US$ million	Note	2008	2007
Intangible assets		**3,006**	1,556
Tangible assets		**29,545**	23,534
Environmental rehabilitation trusts		**244**	252
Investments in associates		**3,612**	3,341
Financial asset investments		**3,115**	4,780
Trade and other receivables		**94**	159
Deferred tax assets		**258**	474
Other financial assets (derivatives)		**4**	–
Other non-current assets		**167**	105
Total non-current assets		**40,045**	34,201
Inventories		**2,702**	2,344
Trade and other receivables		**2,929**	3,572
Current tax assets		**471**	223
Other current financial assets (derivatives)		**372**	535
Current financial asset investments		**173**	–
Cash and cash equivalents	11b	**2,771**	3,129
Total current assets		**9,418**	9,803
Assets classified as held for sale	16	**275**	758
Total assets		**49,738**	44,762
Trade and other payables		**(4,770)**	(3,950)
Short term borrowings	11b	**(6,784)**	(5,895)
Short term provisions		**(168)**	(142)
Current tax liabilities		**(804)**	(992)
Other current financial liabilities (derivatives)		**(1,436)**	(501)
Total current liabilities		**(13,962)**	(11,480)
Medium and long term borrowings	11b	**(7,211)**	(2,404)
Retirement benefit obligations		**(401)**	(444)
Other financial liabilities (derivatives)		**(61)**	(85)
Deferred tax liabilities		**(4,555)**	(4,650)
Provisions for liabilities and charges		**(1,317)**	(1,082)
Other non-current liabilities		**(395)**	–
Total non-current liabilities		**(13,940)**	(8,665)
Liabilities directly associated with assets classified as held for sale	16	**(80)**	(287)
Total liabilities		**(27,982)**	(20,432)
Net assets		**21,756**	24,330
Equity			
Called-up share capital	10	**738**	738
Share premium account	10	**2,713**	2,713
Other reserves	10	**(2,057)**	3,155
Retained earnings	10	**18,827**	15,855
Equity attributable to equity shareholders of the Company		**20,221**	22,461
Minority interests	10	**1,535**	1,869
Total equity		**21,756**	24,330

The financial statements were approved by the Board of directors on 19 February 2009.

Cynthia Carroll
Chief executive

René Médori
Finance director

Consolidated cash flow statement
for the year ended 31 December 2008

US$ million	Note	2008	2007
Cash inflows from continuing operations	11a	**9,579**	9,375
Dividends from associates		**609**	275
Dividends from financial asset investments		**50**	36
Income tax paid		**(2,173)**	(2,886)
Net cash inflows from operating activities – continuing operations		**8,065**	6,800
Net cash inflows from operating activities – discontinued operations		**–**	464
Net cash inflows from operating activities – total Group		**8,065**	7,264
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired(1)	14	**(5,887)**	(772)
Investment in joint ventures	14	**(609)**	(1,114)
Investment in associates		**(9)**	(1)
Cash flows from derivatives related to acquisitions		**(661)**	–
Purchase of tangible assets	13	**(5,146)**	(3,931)
Purchase of financial asset investments		**(741)**	(47)
Investment of advance received in anticipation of disposal(2)		**(281)**	–
Loans granted		**(108)**	(108)
Interest received and other investment income		**291**	228
Disposal and demerger of subsidiaries, net of cash and cash equivalents disposed	15	**468**	110
Sale of interests in associates		**205**	–
Repayment of loans and capital by associates		**42**	119
Proceeds from disposal of tangible assets		**30**	111
Proceeds from sale of financial asset investments		**851**	601
Other cash flows from derivatives not related to net debt		**(166)**	(2)
Other investing activities		**(29)**	(30)
Net cash used in investing activities – continuing operations		**(11,750)**	(4,836)
Net cash inflows from investing activities – discontinued operations		**–**	2,575
Net cash used in investing activities – total Group		**(11,750)**	(2,261)
Cash flows from financing activities			
Issue of shares by subsidiaries to minority interests		**62**	29
Sale of treasury shares to employees		**40**	134
Purchase of treasury shares		**(710)**	(6,217)
Interest paid		**(741)**	(483)
Dividends paid to minority interests		**(796)**	(728)
Dividends paid to Company shareholders		**(1,550)**	(1,538)
Receipt of short term borrowings		**1,432**	2,780
Receipt of medium and long term borrowings		**5,184**	341
Cash flows from derivatives related to net debt		**380**	–
Advance received in anticipation of disposal(2)		**307**	–
Other financing activities		**(66)**	21
Net cash inflows from/(used in) financing activities – continuing operations		**3,542**	(5,661)
Net cash inflows from financing activities – discontinued operations		**–**	692
Net cash inflows from/(used in) financing activities – total Group		**3,542**	(4,969)
Net (decrease)/increase in cash and cash equivalents		**(143)**	34
Cash and cash equivalents at start of year	11c	**3,074**	2,980
Cash movements in the year		**(143)**	34
Effects of changes in foreign exchange rates		**(187)**	60
Cash and cash equivalents at end of year	11c	**2,744**	3,074

(1) Includes amounts paid to acquire minority interests in subsidiaries.
(2) Advance received in respect of anticipated disposal of the Group's 50% interest in the Booysendal joint venture, invested in unlisted preference shares (guaranteed by Nedbank Limited and Nedbank Group Limited) and an escrow account, pending completion of the transaction.

Consolidated statement of recognised income and expense
for the year ended 31 December 2008

US$ million	2008	2007
Net (loss)/gain on revaluation of available for sale investments	**(888)**	2,326
Net gain on revaluation of available for sale investments – associates	**–**	10
Net loss on cash flow hedges	**(874)**	(286)
Net gain/(loss) on cash flow hedges – associates	**4**	(41)
Net exchange loss on translation of foreign operations	**(4,514)**	(303)
Actuarial net loss on post retirement benefit schemes	**(129)**	(37)
Actuarial net loss on post retirement benefit schemes – associates	**(7)**	(6)
Deferred tax	**167**	(123)
Net (expense)/income recognised directly in equity	**(6,241)**	1,540
Transferred to income statement: sale of available for sale investments	**(476)**	(298)
Transferred to income statement: cash flow hedges	**380**	315
Transferred to initial carrying amount of hedged items: cash flow hedges	**637**	–
Transferred to income statement: exchange differences on disposal of foreign operations	**2**	337
Tax on items transferred from equity	**(94)**	3
Total transferred from equity	**449**	357
Profit for the financial year	**6,120**	8,172
Total recognised income and expense for the financial year(1)	**328**	10,069
Attributable to:		
Minority interests	**487**	844
Equity shareholders of the Company	**(159)**	9,225

(1) Total recognised income and expense for the financial year of nil (2007: $2,026 million) relates to discontinued operations.

Reconciliation from EBITDA(1) to cash inflows from continuing operations
for the year ended 31 December 2008

US$ million	2008	2007
EBITDA – continuing operations	**11,847**	11,171
Share of operating profit of associates before special items and remeasurements	**(2,104)**	(1,072)
Depreciation and amortisation in associates	**(253)**	(183)
Share-based payment charges	**155**	138
Operating fair value gains before special items and remeasurements	**(1)**	(12)
Provisions	**46**	77
Increase in inventories	**(999)**	(352)
Decrease/(increase) in operating receivables	**80**	(389)
Increase in operating payables	**896**	53
Other adjustments	**(88)**	(56)
Cash inflows from continuing operations	**9,579**	9,375

(1) EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.

US$ million	2008	2007
Operating profit, including associates, before special items and remeasurements – continuing operations(2)	**10,085**	9,590
Depreciation and amortisation		
Subsidiaries and joint ventures	**1,509**	1,398
Associates	**253**	183
EBITDA – continuing operations	**11,847**	11,171

(2) 'Operating profit, including associates, before special items and remeasurements – continuing operations' is reconciled to 'Profit for the financial year – continuing operations' in note 3.

Notes to the financial information

1. General information

Investors should consider non-GAAP financial measures in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with International Financial Reporting Standards (IFRS). The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures. Reconciliations of key non-GAAP data to directly comparable GAAP financial measures are presented in notes 3, 4, 9 and 12 to this report.

The financial information for the year ended 31 December 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the Company's annual general meeting convened for 15 April 2009. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2. Basis of preparation

General

Whilst the preliminary announcement (the condensed financial statements) has been prepared in accordance with IFRS and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted for use by the European Union, with those parts of the Companies Act 1985 applicable to companies reporting under IFRS and with the requirements of the United Kingdom Listing Authority Listing rules, these condensed financial statements do not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in March 2009.

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

The accounting policies applied are consistent with those adopted and disclosed in the Group's annual financial statements for the year ended 31 December 2007, with the exception of the adoption of IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset*, *Minimum Funding Requirements and their Interaction* and IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*.

The Group has also adopted with effect from 1 July 2008, *Reclassification of Financial Assets* (Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*).

The adoption of these statements has not had a material impact from a Group perspective.

Discontinued operations

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

3. Segmental information

Based on risks and returns the directors consider the primary reporting format is by business segment and the secondary reporting format is by geographical segment.

The analysis of associates' revenue by business segment is provided here for completeness and consistency.

The Corporate Activities and Unallocated Costs segment includes insurance costs.

Discontinued operations comprise the Paper and Packaging and Gold segments. The results for discontinued operations are disclosed in note 17.

Primary reporting format – by business segment

	Segment revenue		Segment result before special items and remeasurements[1]		Segment result after special items and remeasurements[1]	
US$ million	**2008**	2007	**2008**	2007	**2008**	2007
Subsidiaries and joint ventures						
Platinum	**6,288**	6,673	**2,206**	2,635	**2,187**	2,635
Base Metals	**5,878**	7,129	**2,505**	4,338	**2,153**	4,338
Ferrous Metals and Industries	**4,455**	4,207	**1,857**	1,155	**1,242**	1,158
Coal	**5,319**	2,880	**1,742**	365	**1,723**	224
Industrial Minerals	**4,371**	4,581	**228**	474	**137**	407
Exploration	**–**	–	**(212)**	(157)	**(162)**	(157)
Corporate Activities and Unallocated Costs	**–**	–	**(345)**	(292)	**(430)**	(333)
Total subsidiaries and joint ventures – continuing operations	**26,311**[2]	25,470[2]	**7,981**	8,518	**6,850**	8,272
Revenue and net income from associates						
Platinum	**39**	116	**13**	38	**13**	38
Diamonds	**3,096**	3,076	**237**	223	**47**	(229)
Ferrous Metals and Industries	**2,394**	1,193	**724**	189	**724**	198
Coal	**1,117**	694	**329**	190	**329**	190
Industrial Minerals	**7**	10	**–**	–	**–**	–
Total associates – continuing operations	**6,653**	5,089	**1,303**	640	**1,113**	197
Total operations including net income from associates – continuing operations	**32,964**	30,559	**9,284**	9,158	**7,963**	8,469
Net profit on disposals – continuing operations					**1,009**	460
Total profit from operations and associates – continuing operations					**8,972**	8,929

(1) Segment result is defined as being segment revenue less segment expense; that is operating profit. In addition 'Share of net income from associates' is shown by segment. There are no material inter-segment transfers or transactions that would affect the segment result. Special items and remeasurements are set out in note 6.
(2) This represents segment revenue; the Group's share of associates' revenue is provided for additional information.

The table above represents continuing operations only, as disclosed in the income statement. Total Group revenue including share of revenue from associates and revenue from discontinued operations is $32,964 million (2007: $35,674 million) being $32,964 million (2007: $30,559 million) from continuing operations and nil (2007: $5,115 million) from discontinued operations. See note 17 for summarised segmental disclosures relating to discontinued operations.

3. **Segmental information** (continued)

Primary reporting format – by business segment (continued)

For information, a segmental analysis of associates' operating profit is set out below to show operating profit for the Group's continuing operations including associates.

US$ million	Operating profit before special items and remeasurements(1) 2008	2007	Operating profit after special items and remeasurements(1) 2008	2007
Total subsidiaries and joint ventures – continuing operations	**7,981**	8,518	**6,850**	8,272
Associates				
Platinum	**20**	62	**20**	62
Diamonds	**508**	484	**282**	19
Ferrous Metals and Industries	**1,078**	277	**1,078**	277
Coal	**498**	249	**498**	249
Total associates – continuing operations	**2,104**	1,072	**1,878**	607
Operating profit including associates – continuing operations	**10,085**	9,590	**8,728**	8,879

(1) Associates' operating profit is reconciled to 'Share of net income from associates' as follows:

US$ million	2008	2007
Operating profit from associates before special items and remeasurements – continuing operations	**2,104**	1,072
Operating special items and remeasurements	**(226)**	(465)
Operating profit from associates after special items and remeasurements – continuing operations	**1,878**	607
Net profit on disposals	**18**	24
Net finance costs (before remeasurements)	**(147)**	(85)
Financing remeasurements	**(15)**	(4)
Income tax expense (after special items and remeasurements)	**(606)**	(303)
Minority interests (after special items and remeasurements)	**(15)**	(42)
Share of net income from associates – continuing operations	**1,113**	197

'Operating profit, including associates, before special items and remeasurements – continuing operations' is reconciled to 'Profit for the financial year – continuing operations' as follows:

US$ million	2008	2007
Operating profit, including associates, before special items and remeasurements – continuing operations	**10,085**	9,590
Operating special items and remeasurements		
Subsidiaries and joint ventures	**(1,131)**	(246)
Platinum	**(19)**	–
Base Metals	**(352)**	–
Ferrous Metals and Industries	**(615)**	3
Coal	**(19)**	(141)
Industrial Minerals	**(91)**	(67)
Exploration	**50**	–
Corporate Activities and Unallocated Costs	**(85)**	(41)
Associates	**(226)**	(465)
Diamonds	**(226)**	(465)
Operating profit, including associates, after special items and remeasurements – continuing operations	**8,728**	8,879
Net profit on disposals		
Subsidiaries and joint ventures	**1,009**	460
Associates	**18**	24
Associates' net finance costs (before remeasurements)	**(147)**	(85)
Associates' financing remeasurements	**(15)**	(4)
Associates' income tax expense (before special items and remeasurements)	**(623)**	(305)
Associates' tax on special items and remeasurements	**17**	2
Associates' minority interests (before special items and remeasurements)	**(31)**	(42)
Associates' minority interests on special items and remeasurements	**16**	–
Total profit from operations and associates – continuing operations	**8,972**	8,929
Net finance costs (before remeasurements)	**(452)**	(137)
Financing remeasurements	**51**	29
Profit before tax – continuing operations	**8,571**	8,821
Income tax expense (after special items and remeasurements)	**(2,451)**	(2,693)
Profit for the financial year – continuing operations	**6,120**	6,128

3. Segmental information (continued)

Primary reporting format – by business segment (continued)

Primary segment disclosures for segment assets, liabilities and capital expenditure are as follows:

US$ million	Segment assets[1] 2008	Segment assets[1] 2007	Segment liabilities[2] 2008	Segment liabilities[2] 2007	Net segment assets 2008	Net segment assets 2007	Capital expenditure[3] 2008	Capital expenditure[3] 2007
Platinum	**9,713**	9,926	**(668)**	(692)	**9,045**	9,234	**3,026**	2,512
Base Metals	**6,783**	5,897	**(1,309)**	(908)	**5,474**	4,989	**1,874**	582
Ferrous Metals and Industries	**11,823**	4,517	**(656)**	(530)	**11,167**	3,987	**7,688**	2,412
Coal	**5,300**	4,987	**(1,338)**	(1,003)	**3,962**	3,984	**1,705**	1,052
Industrial Minerals	**3,935**	5,370	**(600)**	(861)	**3,335**	4,509	**479**	352
Exploration	**3**	1	**(7)**	–	**(4)**	1	**1**	–
Corporate Activities and Unallocated Costs	**225**	225	**(298)**	(346)	**(73)**	(121)	**42**	44
Continuing operations	**37,782**	30,923	**(4,876)**	(4,340)	**32,906**	26,583	**14,815**	6,954
Paper and Packaging	**–**	–	**–**	–	**–**	–	**–**	198
Discontinued operations	**–**	–	**–**	–	**–**	–	**–**	198
Total Group	**37,782**	30,923	**(4,876)**	(4,340)	**32,906**	26,583	**14,815**	7,152
Unallocated assets and liabilities								
Investments in associates	**3,612**	3,341	**–**	–	**3,612**	3,341		
Financial asset investments	**3,288**	4,780	**–**	–	**3,288**	4,780		
Deferred tax assets/(liabilities)	**258**	474	**(4,555)**	(4,650)	**(4,297)**	(4,176)		
Cash and cash equivalents	**2,771**	3,129	**–**	–	**2,771**	3,129		
Other financial assets/(liabilities) – derivatives	**376**	535	**(1,497)**	(586)	**(1,121)**	(51)		
Other non-operating assets/(liabilities)	**1,651**	1,580	**(2,515)**	(2,264)	**(864)**	(684)		
Other provisions	**–**	–	**(544)**	(293)	**(544)**	(293)		
Borrowings	**–**	–	**(13,995)**	(8,299)	**(13,995)**	(8,299)		
Net assets	**49,738**	44,762	**(27,982)**	(20,432)	**21,756**	24,330		

(1) Segment assets at 31 December 2008 are operating assets and consist of intangible assets of $3,006 million (2007: $1,556 million), tangible assets of $29,545 million (2007: $23,534 million), biological assets of $3 million (2007: $3 million), environmental rehabilitation trusts of $244 million (2007: $252 million), inventories of $2,702 million (2007: $2,344 million), retirement benefit assets of $32 million (2007: $52 million) and operating receivables of $2,250 million (2007: $3,182 million).
(2) Segment liabilities at 31 December 2008 are operating liabilities and consist of non-interest bearing current liabilities of $3,534 million (2007: $2,965 million), restoration and decommissioning provisions of $941 million (2007: $931 million) and retirement benefit obligations of $401 million (2007: $444 million).
(3) Capital expenditure reflects cash payments and accruals in respect of additions to intangible assets of $24 million (2007: $9 million), tangible assets of $5,726 million (2007: $4,129 million) and additions resulting from acquisitions of interests in subsidiaries and joint ventures of $9,065 million (2007: $3,014 million).

Other primary segment items included in the income statement are as follows:

US$ million	Depreciation and amortisation 2008	Depreciation and amortisation 2007	(Impairments)/reversals[1] 2008	(Impairments)/reversals[1] 2007	Other non-cash expenses[2] 2008	Other non-cash expenses[2] 2007
Platinum	**507**	455	**–**	–	**7**	8
Base Metals	**340**	344	**(140)**	–	**113**	94
Ferrous Metals and Industries	**87**	100	**(6)**	–	**63**	48
Coal	**293**	221	**(40)**	(153)	**110**	42
Industrial Minerals	**259**	258	**(71)**	(43)	**44**	55
Exploration	**–**	–	**45**	–	**–**	–
Corporate Activities and Unallocated Costs	**23**	20	**(2)**	–	**54**	45
Continuing operations	**1,509**	1,398	**(214)**	(196)	**391**	292
Paper and Packaging	**–**	234	**–**	(5)	**–**	12
Discontinued operations	**–**	234	**–**	(5)	**–**	12
Total Group	**1,509**	1,632	**(214)**	(201)	**391**	304

(1) See operating special items in note 6.
(2) Other non-cash expenses include share-based payment charges, fair value movements relating to cash-settled share-based payment provisions and charges in respect of environmental rehabilitation provisions and other provisions.

3. Segmental information (continued)

Secondary reporting format – by geographical segment

The Group's geographical analysis of revenue, allocated based on the country in which the customer is located, is as follows. The geographical analysis of the Group's attributable revenue from associates is provided for completeness and consistency.

	Revenue	
US$ million	**2008**	2007
Subsidiaries and joint ventures		
South Africa	**3,009**	4,014
Rest of Africa	**97**	178
Europe	**9,966**	10,718
North America	**1,476**	1,686
South America	**2,923**	2,545
Australia and Asia	**8,840**	6,329
Total subsidiaries and joint ventures – continuing operations	**26,311**	25,470
Associates		
South Africa	**942**	796
Rest of Africa	**225**	82
Europe	**1,985**	1,498
North America	**896**	520
South America	**84**	52
Australia and Asia	**2,521**	2,141
Total associates – continuing operations	**6,653**	5,089
Total operations including associates – continuing operations	**32,964**	30,559

The Group's geographical analysis of segment assets, liabilities and capital expenditure, allocated based on where assets and liabilities are located, is as follows:

	Segment assets		Segment liabilities		Net segment assets		Capital expenditure	
US$ million	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
South Africa	**13,540**	13,879	**(1,633)**	(1,661)	**11,907**	12,218	**3,841**	3,303
Rest of Africa	**364**	526	**(30)**	(32)	**334**	494	**16**	64
Europe	**4,045**	5,658	**(910)**	(1,057)	**3,135**	4,601	**474**	526
North America	**629**	465	**(119)**	(106)	**510**	359	**195**	151
South America	**15,688**	7,212	**(1,431)**	(935)	**14,257**	6,277	**9,035**	2,436
Australia and Asia	**3,516**	3,183	**(753)**	(549)	**2,763**	2,634	**1,254**	672
	37,782	30,923	**(4,876)**	(4,340)	**32,906**	26,583	**14,815**	7,152

3. Segmental information (continued)

Additional disclosure of secondary segmental information by origin (including attributable revenue and operating profit from associates) is as follows:

US$ million	Revenue		Operating profit/(loss) before special items and remeasurements[1]		Operating profit/(loss) after special items and remeasurements[1]	
	2008	2007	**2008**	2007	**2008**	2007
Subsidiaries and joint ventures						
South Africa	**11,708**	12,003	**4,468**	4,043	**4,363**	4,044
Rest of Africa	**280**	540	**78**	351	**78**	351
Europe	**4,545**	4,995	**(226)**	425	**(460)**	320
North America	**451**	230	**(33)**	30	**(25)**	31
South America	**5,825**	6,234	**2,612**	3,697	**1,787**	3,697
Australia and Asia	**3,502**	1,468	**1,082**	(28)	**1,107**	(171)
Total subsidiaries and joint ventures – continuing operations	**26,311**	25,470	**7,981**	8,518	**6,850**	8,272
Associates						
South Africa	**2,078**	1,374	**639**	248	**417**	222
Rest of Africa	**2,250**	2,160	**389**	342	**385**	342
Europe	**260**	872	**43**	88	**43**	88
North America	**254**	63	**4**	17	**4**	(422)
South America	**918**	96	**373**	198	**373**	198
Australia and Asia	**893**	524	**656**	179	**656**	179
Total associates – continuing operations	**6,653**	5,089	**2,104**	1,072	**1,878**	607
Total operations including associates – continuing operations	**32,964**	30,559	**10,085**	9,590	**8,728**	8,879

[1] Special items and remeasurements are set out in note 6.

4. Profit for the financial year

The table below analyses the contribution of each business segment to the Group's operating profit including operating profit from associates for the financial year and its underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. A reconciliation from 'Profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year' is given in note 9.

Operating profit including operating profit from associates is reconciled to 'Underlying earnings' and 'Profit for the financial year attributable to equity shareholders of the Company' in the table below:

							2008
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net profit on disposals[2]	Financing special items and remeasurements[2]	Net interest, tax and minority interests	Total
By business segment							
Platinum	**2,226**	**2,207**	**19**	**–**	**–**	**(913)**	**1,313**
Diamonds	**508**	**282**	**226**	**–**	**–**	**(252)**	**256**
Base Metals	**2,505**	**2,153**	**352**	**–**	**–**	**(1,136)**	**1,369**
Ferrous Metals and Industries	**2,935**	**2,320**	**615**	**–**	**–**	**(1,539)**	**1,396**
Coal	**2,240**	**2,221**	**19**	**–**	**–**	**(659)**	**1,581**
Industrial Minerals	**228**	**137**	**91**	**–**	**–**	**(55)**	**173**
Exploration	**(212)**	**(162)**	**(50)**	**–**	**–**	**12**	**(200)**
Corporate Activities and Unallocated Costs	**(345)**	**(430)**	**85**	**–**	**–**	**(306)**	**(651)**
Total/Underlying earnings – continuing operations and total Group	**10,085**	**8,728**	**1,357**	**–**	**–**	**(4,848)**	**5,237**
Underlying earnings adjustments – continuing operations and total Group			**(1,357)**	**1,027**	**36**	**272**	**(22)**
Profit for the financial year attributable to equity shareholders of the Company – continuing operations and total Group							**5,215**

(1) Operating profit includes associates' operating profit which is reconciled to 'Share of net income from associates' in note 3.
(2) Special items and remeasurements are set out in note 6.

							2007
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net profit on disposals[2]	Financing special items and remeasurements[2]	Net interest, tax and minority interests	Total
By business segment							
Platinum	2,697	2,697	–	–	–	(1,398)	1,299
Diamonds	484	19	465	–	–	(245)	239
Base Metals	4,338	4,338	–	–	–	(1,238)	3,100
Ferrous Metals and Industries	1,432	1,435	(3)	–	–	(827)	605
Coal	614	473	141	–	–	(124)	490
Industrial Minerals	474	407	67	–	–	(90)	384
Exploration	(157)	(157)	–	–	–	12	(145)
Corporate Activities and Unallocated Costs	(292)	(333)	41	–	–	(203)	(495)
Total/Underlying earnings – continuing operations	9,590	8,879	711	–	–	(4,113)	5,477
Underlying earnings adjustments – continuing operations			(711)	484	25	19	(183)
Profit for the financial year attributable to equity shareholders of the Company – continuing operations							5,294
Total/Underlying earnings – discontinued operations	526	291	235	–	–	(242)	284
Underlying earnings adjustments – discontinued operations			(235)	2,086	13	(138)	1,726
Profit for the financial year attributable to equity shareholders of the Company – discontinued operations							2,010
Total/Underlying earnings – total Group	10,116	9,170	946	–	–	(4,355)	5,761
Underlying earnings adjustments – total Group			(946)	2,570	38	(119)	1,543
Profit for the financial year attributable to equity shareholders of the Company – total Group							7,304

(1) Operating profit includes associates' operating profit which is reconciled to 'Share of net income from associates' in note 3.
(2) Special items and remeasurements for continuing operations are set out in note 6. Special items and remeasurements for discontinued operations are set out in note 17.

5. Exploration expenditure

Exploration expenditure is stated before special items.

US$ million	2008	2007
By business segment		
Platinum	**36**	36
Base Metals	**123**	77
Ferrous Metals and Industries	**18**	12
Coal	**35**	32
	212	157

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 *Presentation of financial statements* paragraph 86. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including significant legal provisions. Non-operating special items include profits and losses on disposals of investments and businesses.

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:

(i) unrealised gains and losses on 'non-hedge' derivative instruments open at year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. The full 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, e.g. capital expenditure, the realised amount remains in remeasurements on settlement of the derivative). Such amounts are classified in the income statement as financing when the underlying exposure is in respect of net debt and otherwise as operating.

(ii) foreign exchange gains and losses arising on the retranslation of dollar denominated De Beers preference shares held by a rand functional currency subsidiary of the Group. This is classified as financing.

(iii) foreign exchange impact arising in USD 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.

Subsidiaries and joint ventures' special items and remeasurements

Operating special items

US$ million	2008	2007
Impairment of Tarmac assets and restructuring costs	**(91)**	(43)
Impairment of Lisheen	**(78)**	–
Impairment of Black Mountain	**(62)**	–
Impairment of Coal Australia assets	**(40)**	(153)
Reversal of impairment of Silangan exploration asset	**45**	–
Costs associated with 'One Anglo' initiatives	**(72)**	–
Provisions for onerous contracts	**(39)**	–
Costs associated with proposed sale of Tarmac	**(3)**	(55)
Other	**(12)**	–
Total operating special items – continuing operations	**(352)**	(251)
Tax	**42**	60
Minority interests	**1**	–
Net total attributable to equity shareholders of the Company – continuing operations	**(309)**	(191)

6. Special items and remeasurements (continued)

Following structural review of the Industrial Minerals business by management and as a result of trading conditions in the building industry, restructuring and impairment charges totalling $91 million have been recorded. The impairment brings the carrying value in line with fair value (less costs to sell).

Impairments have been recorded at Black Mountain and Lisheen resulting from a reduction in the near term zinc and lead prices. These charges were based on a value in use assessment of recoverable amount using a pre-tax, risk free discount rate which equated to a post tax rate of 6%.

Costs associated with 'One Anglo' initiatives principally comprise advisory costs associated with procurement, shared services and information systems.

Operating remeasurements

US$ million	**2008**	2007
Net (loss)/gain on non-hedge derivatives	**(659)**	5
Realised loss on derivatives relating to capital expenditure	**(120)**	–
Total operating remeasurements – continuing operations	**(779)**	5
Tax	**252**	(1)
Minority interests	**135**	–
Net total attributable to equity shareholders of the Company – continuing operations	**(392)**	4

The net loss on non-hedge derivatives principally related to a net unrealised loss on derivatives relating to capital expenditure held by Anglo Ferrous Brazil and Los Bronces and an unrealised loss on an embedded derivative at Minera Loma de Níquel. Realised losses on derivatives relating to capital expenditure were principally incurred on foreign currency instruments held by Anglo Ferrous Brazil and Los Bronces.

Profits and (losses) on disposals

US$ million	**2008**	2007
Disposal of interest in China Shenhua Energy	**551**	–
Disposal of interest in Minera Santa Rosa SCM	**142**	–
Disposal of Northam Platinum Limited	**101**	–
Copebrás property compensation	**96**	–
Disposal of Tarmac Iberia	**65**	–
Disposal of Namakwa Sands(1)	**49**	–
Part disposal of Exxaro (formerly Kumba Resources)	**–**	234
Disposal of remaining interest in Highveld(1)	**–**	140
Part disposal of AngloGold Ashanti	**–**	67
Tongaat-Hulett and Hulamin BBBEE transactions(1)	**–**	(68)
Tarmac land sales	**–**	25
Disposal of Boschendal Phase II	**–**	21
Other	**5**	41
Net profit on disposals – **continuing operations**(2)	**1,009**	460
Tax	**(47)**	(71)
Minority interests	**(43)**	34
Net total attributable to equity shareholders of the Company – continuing operations	**919**	423

(1) See Disposals and demerger of subsidiaries and businesses note 15.
(2) Includes charges associated with IFRS 2 *Share-based Payments* on broad based black economic empowerment (BBBEE) and black economic empowerment (BEE) transactions of nil (2007: $68 million).

In April 2008 the Group sold its investment in China Shenhua Energy for $704 million, generating a profit on disposal of $551 million.

On 20 August 2008 the Group sold its 22.4% interest in Northam Platinum Limited for cash proceeds of $205 million. This interest was transferred to a disposal group in September 2007, where it was held until sale.

The sale of the Group's 40% interest in Minera Santa Rosa SCM was completed in December 2008 for consideration of $140 million. This investment had a nominal carrying value.

6. Special items and remeasurements (continued)

Financing remeasurements

US$ million	2008	2007
Foreign exchange gain/(loss) on De Beers preference shares	**28**	(3)
Unrealised net gain on non-hedge derivatives related to net debt	**23**	32
Total financing remeasurements – continuing operations	**51**	29
Tax	**–**	(5)
Net total attributable to equity shareholders of the Company – continuing operations	**51**	24

The unrealised net gain on non-hedge derivatives related to net debt principally comprises an unrealised gain on an embedded interest rate derivative.

Tax remeasurements

US$ million	2008	2007
Foreign currency translation of deferred tax balances	**(153)**	–
Minority interests	**52**	–
Net total attributable to equity shareholders of the Company – continuing operations	**(101)**	–

Total special items and remeasurements – continuing operations

US$ million	2008	2007
Total special items and remeasurements before tax and minority interests – continuing operations	**(71)**	243
Tax remeasurements	**(153)**	–
Tax on special items and remeasurements	**247**	(17)
Minority interests	**145**	34
Net total special items and remeasurements attributable to equity shareholders of the Company – continuing operations	**168**	260

Associates' special items and remeasurements

Associates' operating special items and remeasurements

US$ million	2008	2007
Impairment of De Beers' businesses	**(79)**	–
Impairment of De Beers' Canadian assets	**–**	(434)
Share of De Beers' restructuring costs	**(37)**	(15)
Share of De Beers' class action payment and related costs	**(3)**	(5)
Unrealised net loss on non-hedge derivatives	**(101)**	(3)
Other impairments	**(6)**	(8)
Total associates' operating special items and remeasurements – continuing operations	**(226)**	(465)
Tax	**17**	2
Minority interests	**16**	–
Net total associates' operating special items and remeasurements – continuing operations	**(193)**	(463)

Due to current trading conditions De Beers has recorded an impairment of $176 million (attributable share $79 million) in respect of certain of its businesses. The impairment brings the carrying value of these assets in line with fair value (less costs to sell), determined using discounted cash flow techniques.

Associates' profits on disposals

US$ million	2008	2007
Disposal of interests in Williamson, Cullinan and Koffiefontein	**15**	–
Disposal of interests in Acerinox	**–**	12
Disposal of interest in Gope Exploration Company	**–**	8
Other	**3**	4
Associates' net profit on disposals – continuing operations	**18**	24

6. Special items and remeasurements (continued)

Associates' financing remeasurements

US$ million	2008	2007
Unrealised net loss on non-hedge derivatives related to net debt	**(15)**	(4)
Total associates' financing remeasurements – continuing operations	**(15)**	(4)

Total associates' special items and remeasurements – continuing operations

US$ million	2008	2007
Total associates' special items and remeasurements before tax and minority interests – continuing operations	**(223)**	(445)
Tax	**17**	2
Minority interests	**16**	–
Net total associates' special items and remeasurements – continuing operations	**(190)**	(443)

Operating special items and remeasurements – continuing operations

US$ million	2008	2007
Operating special items	**(352)**	(251)
Operating remeasurements	**(779)**	5
Total operating special items and remeasurements (excluding associates) – continuing operations	**(1,131)**	(246)
Associates' operating special items	**(125)**	(462)
Associates' operating remeasurements	**(101)**	(3)
Total associates' operating special items and remeasurements – continuing operations	**(226)**	(465)
Total operating special items and remeasurements (including associates) – continuing operations	**(1,357)**	(711)
Operating special items (including associates)	**(477)**	(713)
Operating remeasurements (including associates)	**(880)**	2
Total operating special items and remeasurements (including associates) – continuing operations	**(1,357)**	(711)

7. Net finance costs

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

The weighted average interest rate applicable to interest on general borrowings capitalised for continuing operations was 12.0% (2007: 11.4%). Financing remeasurements are set out in note 6.

US$ million	**Before special items and remeasurements 2008**	**After special items and remeasurements 2008**	Before special items and remeasurements 2007	After special items and remeasurements 2007
Investment income				
Interest and other financial income	**324**	**324**	323	323
Expected return on defined benefit arrangements	**215**	**215**	257	257
Dividend income from financial asset investments	**50**	**50**	36	36
Total investment income – continuing operations	**589**	**589**	616	616
Interest expense				
Amortisation of discount relating to provisions	**(33)**	**(33)**	(36)	(36)
Interest and other finance expense	**(815)**	**(815)**	(565)	(565)
Interest on defined benefit arrangements	**(201)**	**(201)**	(229)	(229)
Dividend on redeemable preference shares	**(16)**	**(16)**	(9)	(9)
	(1,065)	**(1,065)**	(839)	(839)
Less: interest capitalised	**215**	**215**	42	42
Total interest expense – continuing operations	**(850)**	**(850)**	(797)	(797)
Other financing (losses)/gains				
Net foreign exchange (losses)/gains	**(173)**	**(145)**	59	56
Fair value (losses)/gains on derivatives	**(2)**	**21**	(1)	12
Net fair value gains/(losses) on fair value hedges	**2**	**2**	(6)	(6)
Other net fair value (losses)/gains	**(18)**	**(18)**	(8)	11
Total other financing (losses)/gains – continuing operations	**(191)**	**(140)**	44	73
Net finance costs – continuing operations	**(452)**	**(401)**	(137)	(108)

8. Tax on profit on ordinary activities

a) Analysis of charge for the year from continuing operations

US$ million	**2008**	2007
United Kingdom corporation tax at 28.5%	**18**	–
United Kingdom corporation tax at 30%	**–**	163
South Africa tax	**840**	812
Other overseas tax	**1,155**	1,259
Prior year adjustments	**(78)**	(1)
Current tax (excluding special items and remeasurements tax)	**1,935**	2,233
Deferred tax (excluding special items and remeasurements tax)	**610**	443
Tax (excluding special items and remeasurements tax)	**2,545**	2,676
Special items and remeasurements tax	**(94)**	17
Income tax expense – continuing operations	**2,451**	2,693

8. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The effective tax rate for the year of 28.6% (2007: 30.5%) is approximately equal to the applicable standard rate of corporation tax for the year ended 31 December 2008 in the United Kingdom (28.5%) (2007: 30%). The reconciling items are:

US$ million	2008	2007[1]
Profit on ordinary activities before tax – continuing operations	**8,571**	8,821
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 28.5%	**2,443**	–
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 30%	**–**	2,646
Tax effect of share of net income from associates	**(317)**	(59)
Tax effects of:		
Special items and remeasurements		
Operating special items and remeasurements	**28**	15
Profits and losses on disposals and financing remeasurements	**(255)**	(71)
Tax remeasurements	**153**	–
Items not taxable/deductible for tax purposes		
Exploration expenditure	**20**	19
Non-deductible net foreign exchange loss	**28**	2
Non-deductible net interest expense	**10**	–
Other non-deductible expenses	**127**	83
Other non-taxable income	**(78)**	(41)
Temporary difference adjustments		
Changes in tax rates	**(84)**	12
Movements in tax losses	**38**	13
Enhanced tax depreciation	**(26)**	(91)
Other temporary differences	**42**	(14)
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**634**	644
Effect of differences between local and UK rates	**(181)**	(517)
Prior year adjustments to current tax	**(78)**	(1)
Other adjustments	**(53)**	53
Income tax expense – continuing operations	**2,451**	2,693

[1] Comparatives have been reclassified to align with current year presentation.

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's total tax charge. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2008 is $606 million (2007: $303 million). Excluding special items and remeasurements this becomes $623 million (2007: $305 million).

The effective rate of tax before special items and remeasurements including share of associates' tax for the year ended 31 December 2008 was 33.4%. This was an increase from the equivalent effective rate of 31.8% in the year ended 31 December 2007. The main reasons for this net increase are tax losses not recognised for deferred tax purposes and changes in the geographical mix of profits around the Group, partially offset by changes in statutory tax rates and the impact of prior year adjustments. In addition, the 2007 rate benefited from the availability of enhanced tax depreciation on certain assets. In future periods it is expected that the effective tax rate, including associates' tax, will remain at or above the UK statutory tax rate.

9. Earnings per share

US$	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group
			2008			2007
Profit for the financial year attributable to equity shareholders of the Company						
Basic earnings per share	**4.34**	**–**	**4.34**	4.04	1.54	5.58
Diluted earnings per share	**4.29**	**–**	**4.29**	3.99	1.51	5.50
Headline earnings for the financial year[1]						
Basic earnings per share	**3.78**	**–**	**3.78**	4.10	0.08	4.18
Diluted earnings per share	**3.74**	**–**	**3.74**	4.04	0.08	4.12
Underlying earnings for the financial year[1]						
Basic earnings per share	**4.36**	**–**	**4.36**	4.18	0.22	4.40
Diluted earnings per share	**4.31**	**–**	**4.31**	4.13	0.21	4.34

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

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

US$ million (unless otherwise stated)	Continuing operations	Discontinued operations	Total Group	Continuing operations	Discontinued operations	Total Group
			2008			2007
Basic and diluted earnings						
Profit for the financial year attributable to equity shareholders of the Company	**5,215**	**–**	**5,215**	5,294	2,010	7,304
Number of shares (million)						
Basic number of ordinary shares outstanding[1]			**1,202**			1,309
Effect of dilutive potential ordinary shares[2]						
Share options and awards			**13**			18
Diluted number of ordinary shares outstanding[1]			**1,215**			1,327

(1) Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes the shares held by the employee benefit trusts and other Anglo American shares held by the Group.
(2) 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. All outstanding share options and awards are potentially dilutive and have been included in the calculation of diluted earnings per share. No instruments are anti-dilutive for the year ended 31 December 2008 (2007: nil).

The weighted average number of ordinary shares, and accordingly earnings per share, of the Group have been impacted by the effect of the share buyback programme as well as the Anglo American share consolidation which on 2 July 2007 resulted in 100 existing Anglo American ordinary shares being exchanged for 91 new Anglo American ordinary shares.

'Underlying earnings' is an alternative earnings measure which the directors believe provides a clearer picture of the underlying financial performance of the Group's operations. Underlying earnings is presented after minority interests and excludes special items and remeasurements (see note 6). Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

9. Earnings per share (continued)

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

	Earnings (US$ million)		Basic earnings per share (US$)	
Continuing operations	**2008**	2007	**2008**	2007
Profit for the financial year attributable to equity shareholders of the Company – continuing operations	**5,215**	5,294	**4.34**	4.04
Operating special items	**209**	196	**0.17**	0.15
Operating special items – tax	**(27)**	(54)	**(0.02)**	(0.04)
Operating special items – minority interests	**(1)**	–	**–**	–
Net profit on disposals[1]	**(1,009)**	(528)	**(0.84)**	(0.40)
Net profit on disposals – tax	**47**	71	**0.04**	0.05
Net profit on disposals – minority interests	**43**	(34)	**0.04**	(0.02)
Associates' special items	**67**	418	**0.05**	0.32
Associates' special items – tax	**(1)**	–	**–**	–
Associates' special items – minority interests	**(2)**	–	**–**	–
Headline earnings for the financial year[2] – continuing operations	**4,541**	5,363	**3.78**	4.10
Operating special items[3]	**143**	55	**0.12**	0.04
Operating special items – tax	**(15)**	(6)	**(0.01)**	–
Operating remeasurements	**779**	(5)	**0.65**	–
Operating remeasurements – tax	**(252)**	1	**(0.21)**	–
Operating remeasurements – minority interests	**(135)**	–	**(0.11)**	–
Financing remeasurements	**(51)**	(29)	**(0.04)**	(0.02)
Financing remeasurements – tax	**–**	5	**–**	–
Tax remeasurements	**153**	–	**0.12**	–
Tax remeasurements – minority interests	**(52)**	–	**(0.04)**	–
Associates' remeasurements	**116**	7	**0.10**	–
Associates' remeasurements – tax	**(9)**	–	**(0.01)**	–
Associates' remeasurements – minority interests	**(9)**	–	**(0.01)**	–
Associates' special items[4]	**40**	20	**0.03**	0.01
Associates' special items – tax	**(7)**	(2)	**(0.01)**	–
Associates' special items – minority interests	**(5)**	–	**–**	–
IFRS 2 charges on BBBEE and BEE transactions	**–**	68	**–**	0.05
Underlying earnings for the financial year – continuing operations	**5,237**	5,477	**4.36**	4.18
Underlying earnings for the financial year – discontinued operations	**–**	284	**–**	0.22
Underlying earnings for the financial year – total Group	**5,237**	5,761	**4.36**	4.40

(1) Excluding associated IFRS 2 charges on BBBEE and BEE transactions.
(2) Headline earnings for the financial year – total Group was $4,541 million (2007: $5,467 million).
(3) Year ended 31 December 2008 includes costs associated with 'One Anglo' initiatives, Tarmac restructuring and proposed sale of Tarmac as well as provisions for onerous leases. Year ended 31 December 2007 includes costs associated with proposed sale of Tarmac.
(4) Includes restructuring costs and legal settlements.

9. Earnings per share (continued)

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

	Earnings (US$ million)		Basic earnings per share (US$)	
Discontinued operations	**2008**	2007	**2008**	2007
Profit for the financial year attributable to equity shareholders of the Company – discontinued operations	**–**	2,010	**–**	1.54
Operating special items	**–**	13	**–**	0.01
Operating special items – tax	**–**	(2)	**–**	–
Financing special items	**–**	2	**–**	–
Financing special items – tax	**–**	(8)	**–**	(0.01)
Net profit on disposals	**–**	(2,079)	**–**	(1.59)
Net profit on disposals – tax	**–**	165	**–**	0.13
Associates' special items	**–**	1	**–**	–
Associates' special items – tax	**–**	2	**–**	–
Headline earnings for the financial year – discontinued operations	**–**	104	**–**	0.08
Operating remeasurements	**–**	(3)	**–**	–
Operating remeasurements – tax	**–**	1	**–**	–
Financing remeasurements	**–**	(2)	**–**	–
Associates' remeasurements	**–**	204	**–**	0.16
Associates' remeasurements – tax	**–**	(20)	**–**	(0.02)
Underlying earnings for the financial year – discontinued operations	**–**	284	**–**	0.22

10. Reconciliation of changes in equity

US$ million	Total share capital[(1)]	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves	Minority interests	Total equity
	Attributable to equity shareholders of the Company						
Balance at 1 January 2007	3,484	19,738	247	(38)	840	2,856	27,127
Total recognised income and expense	–	7,276	–	58	1,891	844	10,069
Dividends paid	–	(1,527)	–	–	–	–	(1,527)
Dividends paid to minority interests	–	–	–	–	–	(757)	(757)
Dividend in specie relating to Mondi demerger	–	(3,718)	–	–	–	–	(3,718)
Acquisition, disposal and demerger of businesses	–	41	(45)	–	112	(1,196)	(1,088)
Issue of shares to minority interests	–	–	–	–	–	28	28
Group reinvestment of dividends in Anglo Platinum	–	–	–	–	–	86	86
Minority conversion of Anglo Platinum's preference shares	–	45	–	–	–	(45)	–
Exercise of share options in Anglo Platinum	–	–	–	–	–	51	51
Share buybacks	–	(6,167)	–	–	–	–	(6,167)
Purchase of shares for share schemes	–	(23)	–	–	–	–	(23)
Share-based payment charges on equity settled schemes	–	–	156	–	–	–	156
Issue of shares under employee share schemes	–	131	(94)	–	–	–	37
Current tax on exercised employee share schemes	–	23	–	–	–	–	23
Cancellation of treasury shares	(33)	–	–	–	33	–	–
IFRS 2 charges arising on BBBEE and BEE transactions	–	33	–	–	–	35	68
Other	–	3	(2)	–	(3)	(33)	(35)
Balance at 1 January 2008	3,451	15,855	262	20	2,873	1,869	24,330
Total recognised income and expense	–	5,113	–	(4,097)	(1,175)	487	328
Dividends paid	–	(1,538)	–	–	–	–	(1,538)
Dividends paid to minority interests	–	–	–	–	–	(796)	(796)
Acquisition and disposal of businesses (including issue of shares to minority interests)	–	6	–	–	–	(45)	(39)
Minority conversion of Anglo Platinum's preference shares	–	6	–	–	–	(6)	–
Share buybacks	–	(595)	–	–	–	–	(595)
Purchase of shares for share schemes	–	(88)	–	–	–	–	(88)
Share-based payment charges on equity settled schemes	–	–	146	–	–	11	157
Issue of shares under employee share schemes	–	97	(70)	–	–	–	27
Current tax on exercised employee share schemes	–	10	–	–	–	–	10
Treasury shares issued in subsidiary entities	–	6	–	–	–	–	6
Other	–	(45)	(50)	–	34	15	(46)
Balance at 31 December 2008	**3,451**	**18,827**	**288**	**(4,077)**	**1,732**	**1,535**	**21,756**

(1) Total share capital comprises called-up share capital of $738 million (2007: $738 million) and the share premium account of $2,713 million (2007: $2,713 million).

Fair value and other reserves comprise:

US$ million	Available for sale reserve	Cash flow hedge reserve	Other reserves[(1)]	Total fair value and other reserves
Balance at 1 January 2007	491	(422)	771	840
Total recognised income and expense	1,889	2	–	1,891
Acquisition, disposal and demerger of businesses	(7)	116	3	112
Cancellation of treasury shares	–	–	33	33
Other	–	–	(3)	(3)
Balance at 1 January 2008	2,373	(304)	804	2,873
Total recognised income and expense	(1,285)	110	–	(1,175)
Other	–	–	34	34
Balance at 31 December 2008	**1,088**	**(194)**	**838**	**1,732**

(1) Other reserves comprise $689 million (2007: $689 million) legal reserve, $34 million (2007: nil) revaluation reserve and $115 million (2007: $115 million) capital redemption reserve.

11. Consolidated cash flow analysis

a) Reconciliation of profit before tax to cash inflows from continuing operations

US$ million	2008	2007
Profit before tax – continuing operations	**8,571**	8,821
Depreciation and amortisation	**1,509**	1,398
Share-based payment charges	**155**	138
Special items and remeasurements of subsidiaries and joint ventures	**71**	(243)
Net finance costs before remeasurements	**452**	137
Operating fair value gains before special items and remeasurements	**(1)**	(12)
Share of net income from associates	**(1,113)**	(197)
Provisions	**46**	77
Increase in inventories	**(999)**	(352)
Decrease/(increase) in operating receivables	**80**	(389)
Increase in operating payables	**896**	53
Other adjustments	**(88)**	(56)
Cash inflows from continuing operations	**9,579**	9,375

b) Reconciliation to the balance sheet

	Cash and cash equivalents[1]		Short term borrowings		Medium and long term borrowings	
US$ million	2008	2007	2008	2007	2008	2007
Balance sheet	**2,771**	3,129	**(6,784)**	(5,895)	**(7,211)**	(2,404)
Balance sheet – disposal groups[2]	**8**	–	**–**	(31)	**–**	–
Bank overdrafts	**(35)**	(17)	**35**	17	**–**	–
Bank overdrafts – disposal groups[2]	**–**	(38)	**–**	–	**–**	–
Net debt classifications	**2,744**	3,074	**(6,749)**	(5,909)	**(7,211)**	(2,404)

(1) 'Short term borrowings' on the balance sheet include overdrafts which are included within cash and cash equivalents in determining net debt.
(2) Disposal group balances are shown as 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Current financial asset investments[2]	Net debt excluding hedges	Hedges[3]	Total net debt including hedges
Balance at 1 January 2007	2,980	(2,076)	(4,228)	–	(3,324)	193	(3,131)
Cash flow[4]	34	(2,618)	(1,334)	–	(3,918)	–	(3,918)
Acquisition, disposal and demerger of businesses	–	468	1,858	–	2,326	–	2,326
Reclassifications	–	(1,394)	1,420	–	26	–	26
Movement in fair value	–	(7)	10	–	3	195	198
Other non-cash movements	–	–	18	–	18	–	18
Currency movements	60	(282)	(148)	–	(370)	–	(370)
Balance at 1 January 2008	3,074	(5,909)	(2,404)	–	(5,239)	388	(4,851)
Cash flow[4]	(143)	(1,432)	(5,181)	210	(6,546)	(380)	(6,926)
Acquisition of businesses	–	(209)	(461)	–	(670)	–	(670)
Reclassifications	–	190	(190)	–	–	–	–
Movement in fair value	–	(11)	(176)	–	(187)	(305)	(492)
Other non-cash movements	–	–	(15)	–	(15)	–	(15)
Currency movements	(187)	622	1,216	(37)	1,614	–	1,614
Balance at 31 December 2008	**2,744**	**(6,749)**	**(7,211)**	**173**	**(11,043)**	**(297)**	**(11,340)**

(1) The Group operates in certain countries (principally South Africa and Venezuela) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have any material effect on the Group's ability to meet ongoing obligations.
(2) Relates to amounts invested in unlisted preference shares (guaranteed by Nedbank Limited and Nedbank Group Limited) pending completion of the anticipated disposal of the Group's 50% interest in the Booysendal joint venture.
(3) Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative liabilities of $437 million (2007: $396 million net assets) and net non-current derivative assets of $140 million (2007: $8 million net liabilities) and are classified within other financial liabilities and other financial assets respectively on the balance sheet.
(4) Cash flow on debt due within one year includes nil relating to discontinued operations (2007: repayments of $162 million). Similarly, cash flow on debt due after one year includes nil relating to discontinued operations (2007: receipts of $993 million). Cash flow on debt due after one year includes repayment of finance leases of $3 million (2007: nil) which is included within 'Other financing activities' in the Consolidated cash flow statement.

12. EBITDA by business segment

US$ million	2008	2007
By business segment		
Platinum	**2,732**	3,155
Diamonds	**665**	587
Base Metals	**2,845**	4,683
Ferrous Metals and Industries	**3,064**	1,561
Coal	**2,585**	882
Industrial Minerals	**487**	732
Exploration	**(212)**	(157)
Corporate Activities and Unallocated Costs	**(319)**	(272)
EBITDA – continuing operations	**11,847**	11,171
EBITDA – discontinued operations	**–**	961
EBITDA – total Group	**11,847**	12,132

EBITDA is stated before special items and remeasurements and is reconciled to 'Total profit from operations and associates' as follows:

US$ million	2008	2007
Total profit from operations and associates	**8,972**	8,929
Operating special items and remeasurements (including associates)	**1,357**	711
Net profit on disposals (including associates)	**(1,027)**	(484)
Associates' financing remeasurements	**15**	4
Depreciation and amortisation: subsidiaries and joint ventures	**1,509**	1,398
Share of associates' interest, tax, depreciation, amortisation and minority interests	**1,021**	613
EBITDA – continuing operations	**11,847**	11,171
EBITDA – discontinued operations	**–**	961
EBITDA – total Group	**11,847**	12,132

13. Capital expenditure on tangible assets and biological assets

US$ million	2008	2007
Platinum	**1,563**	1,479
Base Metals	**1,494**	610
Ferrous Metals and Industries	**831**	470
Coal	**933**	1,052
Industrial Minerals	**301**	274
Other	**24**	46
Purchase of tangible assets – continuing operations	**5,146**	3,931
Investment in biological assets	**1**	1
Capital expenditure on tangible assets and biological assets – continuing operations	**5,147**	3,932
Paper and Packaging	**–**	186
Investment in biological assets	**–**	26
Capital expenditure on tangible assets and biological assets – discontinued operations	**–**	212
Capital expenditure on tangible assets and biological assets – total Group	**5,147**	4,144

Capital expenditure shown above comprises cash expenditure on tangible assets and biological assets. Segmental capital expenditure shown in note 3 also includes accruals and expenditure on acquisitions and intangible assets, but excludes expenditure on biological assets.

14. Acquisitions

Acquisition of subsidiaries

On 5 August 2008 the Group acquired a 63.3% shareholding in Anglo Ferrous Brazil SA, which holds a 51% interest in the Minas-Rio iron ore project (Minas-Rio) and a 70% interest in the Amapá iron ore system (Amapá) at a price of R$28.147 ($18.056) per share. At that time the Group committed to extend the offer to the minority shareholders of Anglo Ferrous Brazil SA. This offer was formally made on 31 October 2008 and as a result, the Group's shareholding in Anglo Ferrous Brazil SA at 31 December 2008 was 98.9%. Total cash paid to acquire a controlling interest was $3.5 billion. A further $2.0 billion was paid (including cash settlement of a related derivative instrument ($0.7 billion)) to subsequently acquire minority interests.

This transaction followed on from the prior year acquisition of a 49% interest in each of Minas-Rio and LLX Minas-Rio, which owns the Port of Açu (presented as a comparative in the Acquisition of material joint ventures section).

As a result of these transactions the Group's effective shareholding in each of the operating entities at 31 December 2008 was 99.4% in Minas-Rio, 49% in LLX Minas-Rio and 69.2% in Amapá.

In the year ended 31 December 2008 the Group purchased 7,941,964 shares (2007: 4,435,086 shares) in Anglo Platinum Limited for total consideration of $1,108 million (2007: $671 million). The cash paid in the year ended 31 December 2008, was $1,113 million (2007: $658 million). In the year ended 31 December 2007, the Group also acquired 3,353,108 shares in Anglo Platinum Limited through a dividend reinvestment plan. The Group's shareholding in Anglo Platinum Limited increased from 76.5% at 31 December 2007 to 79.6% at 31 December 2008.

The carrying value and fair value of the net assets at the date of acquisition of a controlling interest and related net cash outflows are shown below. The fair values presented are provisional, and will be finalised in 2009 when the final fair values arising from the fair value assessments are confirmed.

					2008 [1]	2007
	Anglo Ferrous Brazil SA[2]		Other[3]			
US$ million	Carrying value	Provisional fair value	Carrying value	Fair value	**Total provisional fair value**	Total fair value
Net assets acquired						
Tangible assets	930	930	56	67	**997**	314
Other non-current assets	57	96	1	13	**109**	12
Current assets	319	388	69	69	**457**	65
Current liabilities	(278)	(278)	(35)	(36)	**(314)**	(54)
Non-current liabilities	(418)	(534)	(7)	(13)	**(547)**	(66)
Minority interests	(235)	(230)	–	–	**(230)**	(80)
	375	372	84	100	**472**	191
Add: Value attributable to reserves and resources acquired, net of deferred tax[4]		1,590		59	**1,649**	4
Less: Investments in associates previously recorded		–		–	**–**	(9)
Less: Fair value of assets contributed		–		–	**–**	(59)
Fair value of net assets acquired		1,962		159	**2,121**	127
Partial funding of partner cash calls		–		–	**–**	(12)
Goodwill arising on acquisitions		1,556		54	**1,610**	51
Negative goodwill arising on acquisitions		–		–	**–**	(2)
Total cost of acquisitions		3,518		213	**3,731**	164
Satisfied by						
Net cash acquired		243		12	**255**	11
Cash paid in prior year		–		–	**–**	30
Net cash paid[5][6]		3,275		201	**3,476**	123

[1] Had all these acquisitions of subsidiaries taken place at 1 January 2008, the Group's revenue would have been $26,367 million and the Group's operating profit before special items and remeasurements would have been $7,929 million for the year ended 31 December 2008.
[2] Since the date of acquisition, Anglo Ferrous Brazil SA has contributed revenue of nil and operating loss before special items and remeasurements of $70 million to the Group.
[3] In total since the date of acquisition, these Other acquisitions have contributed revenue of $179 million and operating profit before special items and remeasurements of $16 million to the Group.
[4] Represents the Group's share of value (implicit in the transaction) of reserves and resources, capitalised within tangible assets.
[5] Includes net cash paid by discontinued operations of nil (2007: $9 million).
[6] $2,411 million (2007: $658 million) has been paid to acquire minority interests in existing subsidiaries. In 2008 this related primarily to Anglo Ferrous Brazil SA and Anglo Platinum (2007: Anglo Platinum). These payments are not reflected in the above net cash paid amount. This resulted in total net cash paid for the acquisition of subsidiaries in the year of $5,887 million.

14. **Acquisitions** (continued)

Acquisition of material joint ventures

The Group made one material acquisition of a joint venture in the year ended 31 December 2008 (2007: one).

On 29 February 2008 Anglo Coal Australia completed the acquisition of a 70% interest in the Foxleigh joint venture (Foxleigh) in Queensland, Australia. The total cost of acquisition was $606 million. The Group has proportionately consolidated 70% of Foxleigh from 29 February 2008.

The carrying value and provisional fair value of the net assets at the date of acquisition and related net cash outflow for material joint venture acquisitions are shown below:

			2008	2007
		Foxleigh	Minas-Rio 49% interest[1]	Minas-Rio 49% interest
US$ million	Carrying value	Provisional fair value	Fair value	Fair value
Net assets acquired				
Tangible assets				
Value attributable to reserves and resources acquired	–	684	151	1,770
Other tangible assets	108	108	–	86
Other non-current assets	–	–	–	16
Current assets	41	41	–	52
Current liabilities	(37)	(37)	–	(84)
Non-current liabilities	(47)	(190)	93	(632)
Fair value of net assets acquired and total cost of acquisitions	65	606	244	1,208
Satisfied by				
Net cash acquired		1	–	48
Deferred consideration		–	242	47
Costs accrued		–	–	1
Net cash paid[2]		605	2	1,112

(1) During the year further consideration of $284 million (which is contingent on certain criteria being met) was recognised (reduced from the $600 million recognised in the first half of 2008, as a result of a change in the assumptions with regards to payment and purchase of an additional interest in Minas-Rio) together with an adjustment to the net deferred tax liability recognised to reflect the future tax benefit from cash payments made on acquisition. These adjustments resulted in amendments to the 'Value attributable to reserves and resources acquired' and deferred tax in the acquisition balance sheet.

(2) In addition, during the year there was further net cash paid of $2 million (2007: $2 million) for other joint venture acquisitions. This resulted in total net cash paid for investments in joint ventures of $609 million (2007: $1,114 million).

15. Disposals and demerger of subsidiaries and businesses

US$ million	2008	2007
Net assets disposed		
Tangible assets	**479**	6,197
Other non-current assets	**43**	1,208
Current assets	**210**	4,194
Current liabilities	**(83)**	(2,416)
Non-current liabilities	**(113)**	(3,064)
Net assets[1]	**536**	6,119
Minority interests	**(116)**	(1,200)
Group's share of net assets immediately prior to disposal	**420**	4,919
Less: Retained investments in associates	**–**	(393)
Less: Retained financial asset investments	**–**	(318)
Net assets disposed	**420**	4,208
Cumulative translation differences recycled from reserves	**(2)**	(334)
Fair value losses arising on transactions	**–**	68
Dividend in specie relating to Mondi demerger	**–**	(3,718)
Other	**–**	3
Net gain on disposals	**119**	157
Net sale proceeds	**537**	384
Net cash and cash equivalents disposed	**(4)**	(437)
Costs accrued	**4**	4
Deferred consideration	**(56)**	–
Realised foreign exchange	**(13)**	–
Net cash inflow/(outflow) from disposals and demerger[2]	**468**	(49)

[1] 2008 includes net assets of $79 million no longer consolidated following loss of control of a subsidiary.
[2] 2008 includes nil in relation to discontinued operations (2007: net cash outflow of $159 million).

Disposals of businesses in the year ended 31 December 2008

The disposal of Namakwa Sands was the only material disposal of a business in the year.

Namakwa Sands

On 1 October 2008 Namakwa Sands was sold to Exxaro Resources Limited (Exxaro) for consideration of $330 million including deferred consideration.

The net asset position at the date of disposal, together with the resulting profit on disposal and related cash inflow, is shown below:

US$ million	2008
Tangible assets	**296**
Other non-current assets	**4**
Current assets	**91**
Current liabilities	**(15)**
Non-current liabilities	**(84)**
Net assets disposed	**292**
Cumulative translation differences recycled from reserves	**1**
Net gain on disposal	**49**
Net sale proceeds	**342**
Deferred consideration	**(19)**
Realised foreign exchange	**(12)**
Net cash inflow from disposal of Namakwa Sands	**311**

On 3 November 2008 as part of the same transaction, the Group completed the sale of a 26% interest in both the Black Mountain zinc, lead and copper operation and the Gamsberg zinc project for consideration of $23 million.

15. Disposals and demerger of subsidiaries and businesses (continued)

Disposals and demerger of subsidiaries and associates in the year ended 31 December 2007

Significant disposals and demerger of subsidiaries and associates recorded during the year ended 31 December 2007 are summarised below. For further details refer to the Group's financial statements for the year ended 31 December 2007.

Mondi

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders of $3,718 million. The Paper and Packaging business is presented as a discontinued operation. Refer to note 17 for financial information on discontinued operations. The Group held a 5.3% interest in Mondi at 31 December 2008 and 31 December 2007 through Epoch Investment Holdings Limited, Epoch Two Investment Holdings Limited and Tarl Investment Holdings Limited.

Highveld Steel and Vanadium Corporation (Highveld)

On 4 May 2007 the Group announced the disposal of the remaining 29.2% shareholding in Highveld to the Evraz Group SA (Evraz) for $238 million. Evraz was granted an option, subject to regulatory approvals, over this stake as part of the original transaction in which the Group sold 49.8% of Highveld to Evraz and Credit Suisse (in July 2006). Evraz exercised their option on 26 April 2007 following requisite regulatory approvals.

Tongaat-Hulett Group

In December 2006 the Tongaat-Hulett Group announced the proposed unbundling and listing of Hulamin and simultaneous introduction of BBBEE into both companies.

This transaction was effected on 25 June 2007, and empowerment parties acquired 25% of Tongaat-Hulett and 15% of Hulamin's operations. The Group commenced equity accounting both Tongaat-Hulett and Hulamin as of 25 June 2007. However, in accordance with SIC 12 *Consolidation – Special Purpose Entities* Tongaat-Hulett and Hulamin are required to consolidate the entities housing the empowerment interests (as they supplied significant funding to these parties to effect the transaction). This has the effect, in accounting terms, of cancelling the shares issued to these parties. As a result, the Group has equity accounted 49.8% and 44.9% of Tongaat-Hulett and Hulamin, respectively. The Group's legal interest in Tongaat-Hulett at 31 December 2008 was 37.1% (2007: 37.2%). The Group's legal interest in Hulamin at 31 December 2008 was 38.4% (2007: 38.4%).

AngloGold Ashanti

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited for $2.9 billion. This reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment. The Gold business is presented as a discontinued operation. Refer to note 17 for financial information on discontinued operations. The Group's shareholding at 31 December 2008 was 16.2% (2007: 16.6%).

16. Disposal groups and non-current assets held for sale

Net assets relating to Namakwa Sands, which were previously classified as held for sale at 31 December 2007, were disposed of on 1 October 2008 as disclosed in note 15.

The following assets and liabilities relating to disposal groups were classified as held for sale. The Group expects to complete the sale of these businesses within 12 months of the year end.

US$ million	**2008** Platinum disposal groups[(1)]	2007 Total[(2)]
Intangible assets	**–**	3
Tangible assets	**257**	589
Investments in associates	**–**	74
Other non-current assets	**2**	4
Total non-current assets	**259**	670
Inventories	**–**	38
Trade and other receivables	**8**	50
Cash and cash equivalents	**8**	–
Total current assets	**16**	88
Total assets	**275**	758
Trade and other payables	**(21)**	(53)
Short term borrowings	**–**	(69)
Other current liabilities	**–**	(4)
Total current liabilities	**(21)**	(126)
Retirement benefit obligations	**–**	(4)
Deferred tax liabilities	**(56)**	(148)
Provisions for liabilities and charges	**(3)**	(9)
Total non-current liabilities	**(59)**	(161)
Total liabilities	**(80)**	(287)
Net assets	**195**	471

(1) This reflects the reclassification of operations to be sold under previously announced BEE deals. Due to the significant deterioration in global market conditions, coupled with a material decline in platinum group metal prices and constrained debt and equity markets, in the fourth quarter of 2008, the Lebowa mine plan and project pipeline, including the Middelpunt Hill UG2 expansion project, were placed under critical review in conjunction with Anooraq. Anglo Platinum and Anooraq remain committed to concluding the transaction as soon as practically possible and have extended the date for fulfilment of the conditions until 30 April 2009, thus it remains appropriate to classify these entities as held for sale. Northam Platinum Limited was sold on 20 August 2008 to Mvelaphanda Resources Limited. The cash inflow from the disposal was $205 million. In the event ministerial approval is not received, the sale of Northam Platinum Limited would be unwound. The split of the total assets, total liabilities and net assets for the Platinum disposal groups is as follows:

	2008			2007		
US$ million	**Total assets**	**Total liabilities**	**Net assets**	Total assets	Total liabilities	Net assets
Lebowa Platinum Mines Limited	**265**	**(78)**	**187**	243	(166)	77
Northam Platinum Limited	**–**	**–**	**–**	74	–	74
Other	**10**	**(2)**	**8**	11	(2)	9
	275	**(80)**	**195**	328	(168)	160

(2) Disposal groups at 31 December 2007 related to Namakwa Sands and Platinum disposal groups.

The net carrying amount of assets and associated liabilities classified as held for sale during the year was not written down in 2008 or 2007.

17. Discontinued operations

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

17. **Discontinued operations** (continued)

The results of the discontinued businesses are shown below:

US$ million	Before special items and remeasurements 2008	2007	Special items and remeasurements 2008	2007	2008	2007
Revenue	–	4,062	–	–	–	4,062
Total operating costs	–	(3,741)	–	(10)	–	(3,751)
Operating profit from subsidiaries and joint ventures – discontinued operations	–	321	–	(10)	–	311
Net profit on disposals	–	–	–	119	–	119
Share of net income from associates	–	97	–	(187)	–	(90)
Total profit from discontinued operations and associates	–	418	–	(78)	–	340
Net finance costs	–	(19)	–	–	–	(19)
Profit before tax – discontinued operations	–	399	–	(78)	–	321
Income tax expense	–	(81)	–	1	–	(80)
Profit for the financial year – discontinued operations	–	318	–	(77)	–	241
Profit on partial disposal of AngloGold Ashanti[1]	–	–	–	1,970	–	1,970
Transaction costs relating to the demerger of Mondi[1]	–	–	–	(10)	–	(10)
Tax on net profit on disposal and demerger of discontinued operations	–	–	–	(157)	–	(157)
Net profit after tax on disposal and demerger of discontinued operations	–	–	–	1,803	–	1,803
Total profit for the financial year – discontinued operations	–	318	–	1,726	–	2,044

[1] For further details of the demerger of the Paper and Packaging business and disposal of AngloGold Ashanti refer to note 15.

Summary discontinued segment information

Segment revenue and segment result by discontinued business segment were:

US$ million	Segment revenue 2008	2007	Segment result before special items and remeasurements[1] 2008	2007	Segment result after special items and remeasurements[1] 2008	2007
Subsidiaries and joint ventures						
Paper and Packaging	–	4,062[2]	–	321	–	311
Revenue and net income from associates						
Gold	–	1,004	–	95	–	(92)
Paper and Packaging	–	49	–	2	–	2
Total associates	–	1,053	–	97	–	(90)
Total discontinued operations including net income from associates	–	5,115	–	418	–	221
Net profit on disposals			–	–	–	119
Total profit from discontinued operations and associates			–	418	–	340

[1] Segment result is defined as being segment revenue less segment expense; that is operating profit.
[2] This represents segment revenue; the Group's share of associates of discontinued operations and discontinued associates' revenue figures are provided for additional information.

17. Discontinued operations (continued)

Summary discontinued special items and remeasurements

The following tables provide an analysis of special items and remeasurements for discontinued operations:

Subsidiaries and joint ventures' special items and remeasurements – discontinued operations

US$ million	**2008**	2007
Operating special items	–	(13)
Operating remeasurements	–	3
Net profit on disposals	–	119
Financing special items	–	(2)
Financing remeasurements	–	2
Total special items and remeasurements before tax – discontinued operations	–	109
Tax	–	1
Net total special items and remeasurements attributable to equity shareholders of the Company – discontinued operations	–	110

Associates' special items and remeasurements – discontinued operations

US$ million	**2008**	2007
Associates' operating special items and remeasurements	–	(225)
Associates' net profit on disposals	–	7
Associates' financing remeasurements	–	13
Total associates' special items and remeasurements before tax – discontinued operations	–	(205)
Tax	–	18
Net total associates' special items and remeasurements – discontinued operations	–	(187)

18. Contingent liabilities and contingent assets

(i) Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the demerger agreement, Anglo American and Mondi have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising is remote. At 31 December 2008 contingent liabilities in respect of the Group's subsidiaries comprise aggregate amounts of $548 million (2007: $488 million) in respect of loans and performance guarantees given to banks and other third parties and are primarily in respect of environmental restoration and decommissioning obligations.

No contingent liabilities were secured on the assets of the Group at 31 December 2008 or 31 December 2007.

(ii) Contingent assets

There were no significant contingent assets in the Group at 31 December 2008 or 31 December 2007.

18. Contingent liabilities and contingent assets (continued)

(iii) Other

Minera Loma de Níquel

In January 2008 Minera Loma de Níquel (MLdN) was notified of the intention of the Venezuelan Ministry of Basic Industries and Mining (MIBAM) to cancel 13 of its exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. These concessions do not include the concessions where the current mining operations and metallurgical facilities are located. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if the MIBAM's ruling does not adequately protect its interests.

Anglo American and MLdN continue to strive to resolve the matter by way of constructive dialogue; however, Anglo American and MLdN believe that there is a valid legal basis to reverse the notices of termination and will pursue all appropriate legal and other remedies and actions to protect their respective interests both under Venezuelan and international law. As such, Anglo American anticipates restoration of these concessions and renewal of those that expire in 2012. As a result, the Group continues to consolidate MLdN and no impairment has been recorded for the year ended 31 December 2008.

At 31 December 2008 the Group's interest in the book value of MLdN, including its mineral rights, was $443 million (2007: $616 million), as included in the Group's balance sheet. In the 12 months to 31 December 2008 MLdN's contribution to Group operating profit was $30 million (2007: $370 million).

Anglo American Sur

Anglo American inherited a 1978 agreement with Codelco, the Chilean state mining company, when it acquired Disputada de Las Condes (since renamed Anglo American Sur) in 2002. The agreement grants Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% minority interest in Anglo American Sur, the wholly owned Group company that owns the Los Bronces and El Soldado copper mines and the Chagres smelter. These conditions include limiting the window for exercising the right to once every three years in the month of January until January 2027. The right was not exercised in 2009. The calculations of the price at which Codelco can exercise its right are complex and confidential but do, inter alia, take account of company profitability over a five year period.

19. Related party transactions

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

At 31 December 2008 the Group held $88 million (2007: $131 million) of 10% non-cumulative redeemable preference shares in DB Investments, the holding company of De Beers Société Anonyme. The Group has also made loans to De Beers during the year totalling $118 million. The loans are interest free for two years, at which point they revert to a market rate of interest, and are convertible into ordinary shares. These loans are included within Financial asset investments.

In addition to the Group's normal funding requirements, the shareholders of De Beers have agreed to provide loans to De Beers, proportionate to their shareholdings, totalling $500 million. Anglo American holds a 45% interest in De Beers and will therefore provide a loan of $225 million.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled $609 million (2007: $275 million), excluding nil (2007: $52 million) from discontinued operations, as disclosed in the Consolidated cash flow statement.

At 31 December 2008 the directors of the Company and their immediate relatives controlled 3% (2007: 3%) of the voting shares of the Company.

20. Events occurring after end of year

Subsequent to the year end, the Group disposed of 15.5 million shares in AngloGold Ashanti for proceeds of $434 million. As a result, the Group's shareholding in AngloGold Ashanti has reduced to 11.8%.

With the exception of the above there have been no material reportable events since 31 December 2008.

Production statistics

The figures below include the entire output of consolidated entities and the Group's share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in Base Metals and De Beers which are quoted on a 100% basis.

	2008	2007
Anglo Platinum (troy ounces)[(1)(2)]		
Platinum	**2,386,600**	2,474,000
Palladium	**1,318,800**	1,389,700
Rhodium	**299,300**	328,800
	4,004,700	4,192,500
Nickel (tonnes)[(3)]	**15,500**	19,200
Copper (tonnes)[(3)]	**8,800**	11,000
Gold	**78,500**	97,900
Anglo Coal (tonnes)		
South Africa		
Eskom	**36,158,100**	34,064,000
Trade – Thermal	**22,286,800**	23,952,400
Trade – Metallurgical	**971,900**	1,143,700
	59,416,800	59,160,100
Australia		
Thermal	**14,696,300**	15,059,300
Metallurgical	**13,144,900**	10,145,400
	27,841,200	25,204,700
South America		
Thermal	**11,484,500**	11,259,800
Canada		
Thermal	**140,100**	–
Metallurgical	**632,300**	–
	772,400	–
Total	**99,514,900**	95,624,600
Anglo Coal (tonnes)		
South Africa		
Bank	**–**	51,900
Greenside	**3,401,100**	3,314,900
Goedehoop	**7,449,400**	8,456,200
Isibonelo	**5,152,100**	5,001,000
Kriel	**10,344,400**	11,210,100
Kleinkopje	**4,545,600**	3,490,700
Landau	**4,089,300**	4,058,200
New Denmark	**5,272,500**	5,134,700
New Vaal	**17,034,400**	17,119,500
Nooitgedacht	**454,600**	565,700
Mafube	**1,673,400**	757,200
	59,416,800	59,160,100
Australia		
Callide	**9,582,700**	10,031,100
Drayton	**3,711,500**	3,902,700
German Creek (Capcoal)	**5,621,900**	4,115,700
Jellinbah East	**1,033,900**	891,800
Moranbah	**3,181,500**	3,211,600
Dawson Complex	**3,537,200**	3,051,800
Foxleigh	**1,172,500**	–
	27,841,200	25,204,700
South America		
Carbones del Guasare	**1,074,200**	1,384,400
Carbones del Cerrejón	**10,410,300**	9,875,400
	11,484,500	11,259,800
Canada		
Peace River Coal	**772,400**	–
Total	**99,514,900**	95,624,600

(1) See the published results of Anglo Platinum Limited for further analysis of production information.
(2) Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.
(3) Also disclosed within total attributable nickel and copper production.

Production statistics (continued)

			2008	2007
De Beers (diamonds recovered – carats)				
100% basis (Anglo American 45%)				
Debswana			**32,276,000**	33,638,000
Namdeb			**2,122,000**	2,176,000
De Beers Consolidated Mines			**11,960,000**	14,998,000
Williamson			**134,000**	220,000
Canada			**1,640,000**	81,000
			48,132,000	51,113,000

Anglo Base Metals				
Copper				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	**57,699,800**	61,969,800
Ore processed	Oxide	tonnes	**7,317,400**	7,129,200
	Sulphide	tonnes	**42,377,400**	43,679,900
Ore grade processed	Oxide	% Cu	**0.6**	0.8
	Sulphide	% Cu	**1.1**	1.0
Production	Copper concentrate	dry metric tonnes	**1,574,000**	1,346,000
	Copper cathode	tonnes	**49,400**	58,100
	Copper in concentrate	tonnes	**415,000**	393,900
Total copper production for Collahuasi		tonnes	**464,400**	452,000
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	**21,045,100**	26,503,300
Marginal ore mined		tonnes	**36,008,900**	35,744,000
Las Tortolas concentrator	Ore processed	tonnes	**20,012,700**	21,125,300
	Ore grade processed	% Cu	**1.1**	1.0
	Average recovery	%	**84.9**	85.3
Production	Copper concentrate	dry metric tonnes	**677,900**	607,400
	Copper cathode	tonnes	**45,800**	48,300
	Copper in concentrate	tonnes	**190,000**	182,900
	Total	tonnes	**235,800**	231,200
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	**5,305,800**	6,283,000
	Open pit – marginal ore mined	tonnes	**21,700**	76,600
	Underground (sulphide)	tonnes	**1,312,700**	1,514,900
	Total	tonnes	**6,640,200**	7,874,500
Ore processed	Oxide	tonnes	**821,800**	791,900
	Sulphide	tonnes	**7,179,700**	7,400,900
Ore grade processed	Oxide	% Cu	**1.3**	1.4
	Sulphide	% Cu	**0.8**	1.1
Production	Copper concentrate	dry metric tonnes	**174,100**	229,700
	Copper cathode	tonnes	**6,700**	7,500
	Copper in concentrate	tonnes	**43,100**	65,300
	Total	tonnes	**49,800**	72,800
Chagres Smelter				
	Copper concentrate smelted	tonnes	**148,400**	168,100
Production	Copper blister/anodes	tonnes	**146,100**	164,100
	Acid	tonnes	**486,600**	493,400
Total copper production for Anglo American Sur		tonnes	**285,600**	304,000
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	**4,694,800**	4,587,900
	Sulphide	tonnes	**4,311,100**	3,879,800
	Marginal ore mined	tonnes	**5,003,000**	5,862,900
Ore grade processed	Oxide	% Cu (soluble)	**0.7**	0.7
	Sulphide	% Cu (insoluble)	**1.2**	1.1
	Marginal ore	% Cu (soluble)	**0.3**	0.3

Production statistics (continued)

			2008	2007
Anglo Base Metals (continued)				
Anglo American Norte (continued)				
Mantos Blancos mine (continued)				
Production	Copper concentrate	dry metric tonnes	**132,300**	105,900
	Copper cathode	tonnes	**39,600**	48,700
	Copper in concentrate	tonnes	**46,800**	40,200
	Total	tonnes	**86,400**	88,900
Mantoverde mine				
Ore processed	Oxide	tonnes	**9,556,900**	9,280,700
	Marginal ore	tonnes	**4,300,400**	5,511,100
Ore grade processed	Oxide	% Cu (soluble)	**0.7**	0.7
	Marginal ore	% Cu (soluble)	**0.4**	0.3
Production	Copper cathode	tonnes	**62,500**	61,000
Total copper production Anglo American Norte		tonnes	**148,900**	149,900
Black Mountain		tonnes	**2,500**	2,200
Total Anglo Base Metals copper production		tonnes	**641,300**	655,000
Anglo Platinum copper production				
Production[(1)]		tonnes	**8,800**	11,000
Total attributable copper production		tonnes	**650,100**	666,000
Nickel, Niobium, Mineral Sands and Phosphates				
Nickel				
Codemin				
Ore mined		tonnes	**498,400**	539,300
Ore processed		tonnes	**475,900**	522,600
Ore grade processed		% Ni	**2.1**	2.1
Production		tonnes	**9,100**	9,900
Loma de Níquel				
Ore mined		tonnes	**811,000**	1,183,200
Ore processed		tonnes	**676,800**	1,096,100
Ore grade processed		% Ni	**1.6**	1.6
Production		tonnes	**10,900**	15,700
Total Anglo Base Metals nickel production		tonnes	**20,000**	25,600
Anglo Platinum nickel production				
Production[(1)]		tonnes	**15,500**	19,200
Total attributable nickel production		tonnes	**35,500**	44,800
Niobium				
Catalão				
Ore mined		tonnes	**768,100**	852,500
Ore processed		tonnes	**818,100**	831,700
Ore grade processed		Kg Nb/tonne	**11.1**	10.9
Production		tonnes	**4,600**	4,700
Mineral Sands				
Namakwa Sands				
Ore mined		tonnes	**13,418,600**	18,111,700
Production	Ilmenite	tonnes	**240,900**	300,300
	Rutile	tonnes	**19,100**	24,500
	Zircon	tonnes	**97,400**	114,800
Smelter production	Slag tapped	tonnes	**118,500**	151,300
	Iron tapped	tonnes	**78,800**	101,800
Phosphates				
Copebrás				
Sodium tripolyphosphate		tonnes	**10,200**	56,700
Phosphates		tonnes	**982,100**	1,037,800
Zinc and Lead				
Black Mountain				
Ore mined		tonnes	**1,199,800**	1,065,200
Ore processed		tonnes	**1,204,800**	1,099,600
Ore grade processed	Zinc	% Zn	**3.0**	3.2
	Lead	% Pb	**4.2**	4.3
	Copper	% Cu	**0.4**	0.3
Production	Zinc in concentrate	tonnes	**27,900**	28,300
	Lead in concentrate	tonnes	**47,000**	41,900
	Copper in concentrate	tonnes	**2,500**	2,200

(1) Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.

Production statistics (continued)

			2008	2007
Anglo Base Metals (continued)				
Lisheen				
Ore mined		tonnes	**1,561,900**	1,584,700
Ore processed		tonnes	**1,516,900**	1,513,600
Ore grade processed	Zinc	% Zn	**12.1**	12.0
	Lead	% Pb	**1.6**	1.9
Production	Zinc in concentrate	tonnes	**167,200**	164,700
	Lead in concentrate	tonnes	**15,900**	20,200
Skorpion				
Ore mined		tonnes	**1,390,400**	1,402,300
Ore processed		tonnes	**1,333,300**	1,379,600
Ore grade processed	Zinc	% Zn	**11.7**	11.7
Production	Zinc	tonnes	**145,400**	150,100
Total attributable zinc production		tonnes	**340,500**	343,100
Total attributable lead production		tonnes	**62,900**	62,100

Anglo Ferrous Metals and Industries				
Kumba Iron Ore				
Lump		tonnes	**22,042,000**	19,043,000
Fines		tonnes	**14,657,000**	13,357,000
Amapá[(1)]				
Sinter feed		tonnes	**128,000**	–
Pellet feed		tonnes	**584,000**	–
Total iron ore production		tonnes	**37,411,000**	32,400,000
Scaw Metals				
South Africa – Steel Products		tonnes	**771,000**	776,000
International – Steel Products		tonnes	**879,000**	803,000
Samancor Manganese[(2)]				
Manganese ore		tonnes	**2,704,000**	2,411,000
Manganese alloys[(3)]		tonnes	**306,000**	310,000

Anglo Industrial Minerals				
Aggregates		tonnes	**93,095,000**	95,393,300
Lime products		tonnes	**1,353,000**	1,468,200
Concrete		m^3	**6,312,000**	8,858,400

(1) Production from Amapá is included from 5 August 2008. Amapá is not currently in commercial production. Until commercial production is reached all revenue and related costs are being capitalised. Amapá production for full year 2008 was 1.2 Mt.
(2) Saleable production.
(3) Production includes Medium Carbon Ferro Manganese.

Production statistics (continued)

Quarterly production statistics[1]

	Quarter ended					% Change	
	December 2008	September 2008	June 2008	March 2008	December 2007	December Q08 v September Q08	December Q08 v December Q07
Anglo Platinum[2]							
Platinum (troy ounces)	**842,300**	543,200	572,500	428,600	669,000	55%	26%
Palladium (troy ounces)	**450,500**	321,700	300,800	245,800	381,900	40%	18%
Rhodium (troy ounces)	**107,100**	75,300	59,400	57,500	87,400	42%	23%
Nickel (tonnes)	**4,100**	4,000	3,700	3,700	5,000	3%	(18)%
Anglo Coal (tonnes)							
Eskom	**9,465,900**	9,692,200	8,637,000	8,363,000	8,193,800	(2)%	16%
Thermal	**12,247,300**	12,377,600	12,819,800	11,163,000	12,764,100	(1)%	(4)%
Metallurgical	**3,955,200**	3,631,600	4,389,300	2,773,000	2,599,200	9%	52%
De Beers (diamonds recovered – carats)							
100% basis (Anglo American 45%)							
Diamonds	**10,795,000**	13,111,000	12,452,000	11,774,000	12,143,000	(18)%	(11)%
Anglo Base Metals (tonnes)							
Copper	**172,000**	148,600	161,000	159,700	176,400	16%	(2)%
Nickel	**4,800**	5,600	5,000	4,600	6,500	(14)%	(26)%
Zinc	**82,900**	86,500	88,200	82,900	87,700	(4)%	(5)%
Lead	**14,400**	16,700	14,700	17,100	18,100	(14)%	(20)%
Anglo Ferrous Metals and Industries (tonnes)							
Iron ore[3]	**10,098,000**	10,250,000	8,873,000	8,190,000	8,992,000	(1)%	12%
South Africa Steel Products	**167,000**	187,000	211,000	206,000	178,000	(11)%	(6)%
International Steel Products	**215,000**	230,000	221,000	213,000	212,000	(7)%	1%
Manganese ore[4]	**565,000**	732,000	741,000	666,000	645,000	(23)%	(12)%
Manganese alloys[4][5]	**72,000**	81,000	76,000	77,000	84,000	(11)%	(14)%

(1) Excludes Anglo Industrial Minerals.
(2) Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.
(3) Production from Amapá is included from 5 August 2008. Amapá is not currently in commercial production. Until commercial production is reached all revenue and related costs are being capitalised. Amapá production for full year 2008 was 1.2 Mt.
(4) Saleable production.
(5) Production includes Medium Carbon Ferro Manganese.

Reconciliation of subsidiaries' and associates' reported earnings to the underlying earnings included in the consolidated financial statements

For the year ended 31 December 2008
Note only key reported lines are reconciled

Anglo Platinum Limited

US$ million	2008	2007
IFRS headline earnings (US$ equivalent of published)	**1,607**	1,748
Exploration	**36**	36
Exchange rate difference	**64**	4
Operating remeasurements (net of tax)	**17**	–
Other adjustments	**6**	(10)
	1,730	1,778
Minority interests	**(376)**	(443)
Depreciation on assets fair valued on acquisition (net of tax)	**(41)**	(36)
Contribution to Anglo American plc underlying earnings	**1,313**	1,299

DB Investments (DBI)

US$ million	2008	2007
De Beers underlying earnings (100%)	**515**	483
Difference in IAS 19 accounting policy	**18**	13
De Beers underlying earnings – Anglo American plc basis (100%)	**533**	496
Anglo American plc's 45% ordinary share interest	**240**	223
Income from preference shares	**13**	16
Other	**3**	–
Contribution to Anglo American plc underlying earnings	**256**	239

Kumba Iron Ore Limited (KIO)

US$ million	2008	2007
IFRS headline earnings (US$ equivalent of published)(1)	**872**	434
Exploration	**8**	–
Other adjustments	**12**	7
	892	441
Minority interests	**(328)**	(155)
Depreciation on assets fair valued on acquisition (net of tax)	**(6)**	(12)
Contribution to Anglo American plc underlying earnings	**558**	274

(1) KIO IFRS headline earnings for the year ended 31 December 2008 assume a minority interest of 20% in KIO's underlying mining assets.

Exchange rates and commodity prices

US$ exchange rates	2008	2007
Average prices for the year		
Rand	**8.27**	7.05
Sterling	**0.54**	0.50
Euro	**0.68**	0.73
Australian dollar	**1.17**	1.19
Chilean peso	**524**	522
Closing spot prices		
Rand	**9.30**	6.84
Sterling	**0.69**	0.50
Euro	**0.72**	0.68
Australian dollar	**1.44**	1.14
Chilean peso	**637**	498

Commodity prices		2008	2007
Average market prices for the year			
Platinum[1]	US$/oz	**1,585**	1,304
Palladium[1]	US$/oz	**355**	355
Rhodium[1]	US$/oz	**6,564**	6,200
Copper[2]	US cents/lb	**315**	323
Nickel[2]	US cents/lb	**953**	1,686
Zinc[2]	US cents/lb	**85**	147
Lead[2]	US cents/lb	**95**	118
31 December spot prices			
Platinum[1]	US$/oz	**922**	1,537
Palladium[1]	US$/oz	**186**	368
Rhodium[1]	US$/oz	**1,250**	6,850
Copper[2]	US cents/lb	**132**	303
Nickel[2]	US cents/lb	**490**	1,170
Zinc[2]	US cents/lb	**51**	104
Lead[2]	US cents/lb	**43**	115

(1) Source: Johnson Matthey.
(2) Source: LME daily prices.

Key financial data

US$ million (unless otherwise stated)	2008	2007	2006[1]	2005[1]	2004[1]
Group revenue including associates	**32,964**	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	**(6,653)**	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**26,311**	25,470	24,991	20,132	17,181
Operating profit including associates before special items and remeasurements	**10,085**	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing special items and remeasurements)	**(330)**	(227)	24	16	556
Net finance costs (including financing remeasurements), tax and minority interests of associates	**(783)**	(434)	(398)	(315)	(391)
Total profit from operations and associates	**8,972**	8,929	8,514	5,250	3,997
Net finance costs (including financing special items and remeasurements)	**(401)**	(108)	(71)	(220)	(385)
Profit before tax	**8,571**	8,821	8,443	5,030	3,612
Income tax expense	**(2,451)**	(2,693)	(2,518)	(1,208)	(765)
Profit for the financial year – continuing operations	**6,120**	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	**–**	2,044	997	111	1,094
Profit for the financial year – total Group	**6,120**	8,172	6,922	3,933	3,941
Minority interests	**(905)**	(868)	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	**5,215**	7,304	6,186	3,521	3,501
Underlying earnings[2] – continuing operations	**5,237**	5,477	5,019	3,335	2,178
Underlying earnings[2] – discontinued operations	**–**	284	452	401	506
Underlying earnings[2] – total Group	**5,237**	5,761	5,471	3,736	2,684
Earnings per share ($) – continuing operations	**4.34**	4.04	3.51	2.35	1.84
Earnings per share ($) – discontinued operations	**–**	1.54	0.70	0.08	0.60
Earnings per share ($) – total Group	**4.34**	5.58	4.21	2.43	2.44
Underlying earnings per share ($) – continuing operations	**4.36**	4.18	3.42	2.30	1.52
Underlying earnings per share ($) – discontinued operations	**–**	0.22	0.31	0.28	0.35
Underlying earnings per share ($) – total Group	**4.36**	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**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)	**1,202**	1,309	1,468	1,447	1,434
EBITDA[3] – continuing operations	**11,847**	11,171	10,431	7,172	5,359
EBITDA[3] – discontinued operations	**–**	961	1,766	1,787	1,672
EBITDA[3] – total Group	**11,847**	12,132	12,197	8,959	7,031
EBITDA interest cover[4] – total Group	**28.3**	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	**30.6%**	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	**9.9**	3.5	3.5	2.9	2.7

See following page for footnotes.

US$ million (unless otherwise stated)	**2008**	2007	2006[1]	2005[1]	2004[1]
Balance sheet					
Intangible and tangible assets	**32,551**	25,090	25,632	33,368	35,816
Other non-current assets and investments	**7,494**	9,111	7,969	5,556	5,547
Working capital	**861**	1,966	3,096	3,538	3,543
Other net current liabilities	**(1,565)**	(877)	(1,177)	(1,492)	(611)
Other non-current liabilities and obligations	**(6,729)**	(6,261)	(5,790)	(8,399)	(8,339)
Cash and cash equivalents and borrowings[5]	**(11,051)**	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	**195**	471	641	–	–
Net assets	**21,756**	24,330	27,127	27,578	27,713
Minority interests	**(1,535)**	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to the equity shareholders of the Company	**20,221**	22,461	24,271	23,621	23,125
Total capital[6]	**32,799**	29,569	30,451	32,571	35,956
Cash inflows from operations – continuing operations	**9,579**	9,375	9,012	5,963	3,857
Cash inflows from operations – discontinued operations	**–**	470	1,045	1,302	1,434
Cash inflows from operations – total Group	**9,579**	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	**659**	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	**–**	52	37	2	16
Dividends received from associates and financial asset investments – total Group	**659**	363	288	470	396
Return on capital employed[7] **– total Group**	**36.8%**	37.8%	32.4%	19.2%	14.6%
EBITDA/average total capital[6] **– total Group**	**38.0%**	40.4%	38.7%	26.0%	21.2%
Net debt to total capital (Gearing)[8]	**37.8%**	20.0%	12.9%	17.0%	25.4%

(1) Comparatives were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.
(2) Underlying earnings is net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements, and any related tax and minority interests.
(3) EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.
(4) EBITDA interest cover is EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, amortisation of discounts on provisions, special items and financial remeasurements, but including share of associates' net interest expense.
(5) This differs from the Group's measure of net debt as it excludes the net debt of disposal groups (2008: $8 million; 2007: $(69) million; 2006: $(80) million), and excludes the impact of derivative instruments that provide an economic hedge of assets and liabilities in net debt (2008: liabilities of $297 million; 2007: assets of $388 million; 2006: assets of $193 million). For more detail see note 11 Consolidated cash flow analysis.
(6) Total capital is net assets excluding net debt (excluding the impact of derivative instruments).
(7) Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.
(8) Net debt to total capital is calculated as net debt (excluding the impact of derivative instruments) divided by total capital less investments in associates.

Summary by business segment

US$ million	Revenue[1] 2008	Revenue[1] 2007	EBITDA[2] 2008	EBITDA[2] 2007	Operating profit/(loss)[3] 2008	Operating profit/(loss)[3] 2007	Underlying earnings 2008	Underlying earnings 2007
Continuing operations								
Platinum	**6,327**	6,789	**2,732**	3,155	**2,226**	2,697	**1,313**	1,299
Diamonds	**3,096**	3,076	**665**	587	**508**	484	**256**	239
Base Metals	**5,878**	7,129	**2,845**	4,683	**2,505**	4,338	**1,369**	3,100
Copper	**3,907**	4,507	**2,226**	3,192	**2,017**	2,983	**1,171**	2,060
Collahuasi	**1,134**	1,383	**682**	1,062	**613**	998	**367**	701
Anglo American Sur	**1,965**	2,273	**1,265**	1,630	**1,157**	1,518	**699**	1,026
Anglo American Norte	**808**	851	**288**	507	**255**	474	**113**	340
Other	**–**	–	**(9)**	(7)	**(8)**	(7)	**(8)**	(7)
Nickel, Niobium, Mineral Sands and Phosphates	**1,381**	1,583	**563**	842	**507**	786	**218**	555
Codemin	**198**	325	**132**	242	**123**	234	**94**	178
Loma de Níquel	**210**	553	**48**	390	**30**	370	**(97)**	243
Catalão	**141**	106	**80**	57	**78**	55	**70**	60
Namakwa Sands	**177**	184	**59**	44	**59**	44	**46**	31
Copebrás	**655**	415	**244**	109	**217**	83	**105**	43
Zinc	**590**	1,039	**209**	729	**136**	654	**128**	558
Black Mountain	**115**	165	**37**	93	**26**	83	**28**	65
Lisheen	**196**	364	**40**	242	**22**	227	**15**	174
Skorpion	**279**	510	**132**	394	**88**	344	**85**	319
Other	**–**	–	**(153)**	(80)	**(155)**	(85)	**(148)**	(73)
Ferrous Metals and Industries	**6,849**	5,400	**3,064**	1,561	**2,935**	1,432	**1,396**	605
Kumba Iron Ore	**2,573**	1,635	**1,667**	879	**1,618**	834	**558**	274
Scaw Metals	**1,927**	1,432	**309**	204	**274**	172	**165**	97
Samancor Manganese	**1,526**	665	**998**	249	**980**	225	**658**	169
Tongaat-Hulett/Hulamin[4]	**817**	1,293	**115**	140	**92**	114	**53**	44
Anglo Ferrous Brazil	**–**	–	**(4)**	(9)	**(8)**	(9)	**(30)**	5
Highveld Steel	**–**	369	**–**	108	**–**	108	**–**	18
Other	**6**	6	**(21)**	(10)	**(21)**	(12)	**(8)**	(2)
Coal	**6,436**	3,574	**2,585**	882	**2,240**	614	**1,581**	490
South Africa	**2,210**	1,538	**814**	481	**736**	414	**543**	296
Australia	**3,119**	1,389	**1,353**	166	**1,144**	9	**797**	24
South America	**947**	627	**446**	271	**396**	227	**257**	175
Canada	**139**	–	**15**	–	**8**	–	**11**	–
Projects and corporate	**21**	20	**(43)**	(36)	**(44)**	(36)	**(27)**	(5)
Industrial Minerals	**4,378**	4,591	**487**	732	**228**	474	**173**	384
Exploration	**–**	–	**(212)**	(157)	**(212)**	(157)	**(200)**	(145)
Corporate Activities and Unallocated Costs	**–**	–	**(319)**	(272)	**(345)**	(292)	**(651)**	(495)
Total continuing operations	**32,964**	30,559	**11,847**	11,171	**10,085**	9,590	**5,237**	5,477
Discontinued operations								
Gold	**–**	1,004	**–**	401	**–**	202	**–**	95
Paper and Packaging	**–**	4,111	**–**	560	**–**	324	**–**	189
Mondi Packaging	**–**	2,296	**–**	316	**–**	195	**–**	137
Mondi Business Paper	**–**	1,204	**–**	198	**–**	105	**–**	62
Other	**–**	611	**–**	46	**–**	24	**–**	(10)
Total discontinued operations	**–**	5,115	**–**	961	**–**	526	**–**	284
Total Group	**32,964**	35,674	**11,847**	12,132	**10,085**	10,116	**5,237**	5,761

(1) Revenue includes the Group's share of revenue of joint ventures and associates. Base Metals' revenue is shown after deduction of treatment charges and refining charges (TC/RCs).
(2) EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.
(3) Operating profit includes operating profit before special items and remeasurements from subsidiaries and joint ventures and share of operating profit (before interest, tax, minority interests, special items and remeasurements) of associates.
(4) Includes 100% of the results of the Tongaat-Hulett Group from 1 January to 25 June 2007, and the Group's equity accounted share of Tongaat-Hulett and Hulamin since that date. For more detail see note 15 Disposals and demerger of subsidiaries and businesses.