ANGLO AMERICAN

Annual report

This Annual Report should be read in conjunction with the Group's summarised 'Annual Review 2000', which includes the chairman's and the chief executive's statements and further information about the Group's activities. The Annual Review is available to shareholders free of charge from the Company's Registrar.

A separate Safety, Health and Environment Report is available on request.

The 'Annual Review 2000', the 'Annual Report 2000' and the 'Safety, Health and Environment Report 2000' are available on the corporate website: www.angloamerican.co.uk

Anglo American plc

with its subsidiaries, joint ventures and associates, is a global leader in the mining and natural resource sectors. It has significant and focused interests in gold, platinum, diamonds, coal, base and ferrous metals, industrial minerals and forest products, as well as financial and technical strength. The Group is geographically diverse, with operations and developments in Africa, Europe, South and North America and Australia. Anglo American represents a powerful world of resources.

Financial highlights

US$ million (unless otherwise stated)	2000	1999
Turnover	20,570	19,245
Total operating profit after operating exceptional items	3,214	2,142
Profit for the financial year	1,957	1,552
Headline profit for the financial year	2,000	1,308
Net operating assets	16,140	12,534
Net cash inflow from operating activities	2,959	1,850
Capital expenditure	1,511	1,251
Earnings per share (US$):		
Profit for the financial year	5.01	4.03
Headline profit for the financial year	5.12	3.40
Total dividend for the year (US cents per share)	190	150

Financial review

Results summary

Turnover, including share of associates and joint ventures, for the year ended 31 December 2000, was US$20,570 million compared with US$19,245 million for the year ended 31 December 1999. Total operating profit for the year was US$3,214 million. After excluding impairment provisions of US$266 million, underlying operating profits increased by 62% to US$3,480 million. Profit for the financial year was US$1,957 million compared with US$1,552 million for the prior year. After taking into account net exceptional profits of US$57 million, goodwill amortisation of US$146 million and related tax and minority interests, headline profit increased by 53% to US$2,000 million.

Exceptional items

Operating exceptional losses amounted to US$266 million. These represented impairments principally in respect of the Lisheen zinc mine, Anaconda nickel operation and Salobo project in Base metals and the Ergo operation in AngloGold. Non-operating exceptional items amounted to a net gain of US$323 million. Net gains on the disposal of non-core assets of US$402 million were offset by costs related to the restructuring of the industrial minerals business following the acquisition of Tarmac.

Taxation

The effective rate of taxation on profit before goodwill amortisation and exceptional items was 26%. This was an increase over the effective rate of 19% in 1999 and reflects principally the higher profit contributions from Platinum and Diamonds.

Balance sheet

Total shareholders' funds were US$15,544 million at 31 December 2000 compared with US$16,174 million at 31 December 1999. The reason for the net decrease was the impact of the fall in the value of the South African rand on the historic cost asset base.

Net borrowings were US$3,590 million, an increase of US$3,671 million from 31 December 1999. This increase principally reflects the net outflow arising from the acquisition and sale of businesses and investments.

Net borrowings comprise US$6,995 million of debt offset by US$3,405 million of cash and short term investments.

Gearing at 31 December 2000 was 16.5%.

Cash flow

Cash inflow from operating activities was US$2,959 million compared with US$1,850 million last year. This inflow was after a US$486 million increase in working capital. Depreciation and amortisation, which increased by US$192 million to US$928 million, are analysed by business segment below.

Analysis of depreciation by business segment

US$ million	2000	1999
Gold	186	175
Platinum	60	57
Coal	59	35
Base metals	122	91
Industrial minerals	113	67
Ferrous metals	26	27
Forest products	111	57
Industries	95	119
Other	10	12
	782	640

Analysis of goodwill amortisation by business segment

US$ million	2000	1999
Gold	27	17
Platinum	17	15
Diamonds	6	7
Coal	6	8
Base metals	(3)	1
Industrial minerals	44	13
Ferrous metals	–	5
Forest products	19	3
Industries	7	9
Other	23	18
	146	96

Purchase of tangible fixed assets amounted to US$1,511 million, an increase of US$260 million. An analysis is set out below.

Analysis of capital expenditure by business segment

US$ million	2000	1999
Gold	240	223
Platinum	272	239
Coal	45	26
Base metals	410	257
Industrial minerals	186	70
Ferrous metals	32	47
Forest products	126	181
Industries	163	175
Other	37	33
	1,511	1,251

Sales of businesses and investments generated US$1,278 million. The principal sales comprised interests in Li & Fung, LTA and SA Eagle. This was more than offset by acquisitions in the year of US$3,371 million. The principal acquisitions were Tarmac, the Australian coal assets of Shell, Geita, Morila and the purchase of the packaging interests of AssiDomän and the increase in the Group's interest in Neusiedler and Frantschach.

Dividends

The directors recommend a final dividend of 130 US cents per share to be paid on 18 May 2001. Dividends for the year will amount to 190 US cents per share, an increase of 27% on last year's total dividend.

Gold

US$ million	2000	1999
Total operating profit	381	452
Headline profit	201	210
Net operating assets	2,667	2,990
Capital expenditure	240	223
Share of headline profit (%)	10	16
Share of group net operating assets (%)	17	24

AngloGold production rose 5% to 7.2 million ounces and cash operating costs were steady at US$213 per ounce. Operating profit, at US$381 million, was 16% lower than in 1999 owing to a combination of asset impairments of US$29 million taken in the second half of the year, a lower gold price and operating problems at some South African mines.

During the year, AngloGold purchased an effective 40% interest in the Morila mine in Mali and a 50% interest in the Geita mine in Tanzania. A major expansion of the Sunrise Dam mine, AngloGold's key operation in Australia, and a new mine, Yatela, in Mali, were also launched during the year.

Together, these expansions and acquisitions will contribute some 20 million ounces of production at an average cash cost of US$175 per ounce over the next 15 years.

In December, AngloGold announced that it had agreed in principle to sell two South African gold mines – Elandsrand and Deelkraal – to Harmony Gold Mining Company for US$132 million in cash.

Financial review

Platinum

US$ million	2000	1999
Total operating profit	1,336	480
Headline profit	500	200
Net operating assets	1,327	1,519
Capital expenditure	272	239
Share of headline profit (%)	25	15
Share of group net operating assets (%)	8	12

Anglo Platinum's operating profit of US$1,336 million was US$856 million, or 178% higher than in 1999. The increase was attributable to higher platinum group metal prices, which were partly offset by a rise in on-mine costs and royalties.

The average realised platinum price of US$544 per ounce was US$168 higher than that achieved in 1999. Average prices for palladium and rhodium were also significantly higher than those for 1999 at US$675 per ounce for palladium and US$1,847 per ounce for rhodium compared with US$358 and US$894 per ounce respectively.

Refined production was lower than in 1999. This reduction was due to the flooding which followed the heavy rainfall experienced in South Africa in February and March and the industrial action experienced in the second half of the year. In addition, refined production in 1999 benefited from the release of a substantial amount of material from the process pipeline into refined production.

The Amandelbult UG2 expansion came into production at the end of June and Lebowa's Middelpunt Hill project was commissioned in September. Together, these two projects will add around a further 107,000 ounces of platinum production per annum at design capacity. The heavy rainfall affected the development of the Bafokeng Rasimone mine but the underground operations remain on schedule to achieve design output of 250,000 ounces in 2002. Work has also begun on the Maandagshoek project, which is due to commence production in 2002.

In addition, the Waterval UG2 and Union Section UG2 expansions have been announced. These projects form part of the programme which will increase annual production to 3.5 million ounces of platinum by 2006 at a total cost of around US$2.1 billion. The Kroondal joint venture, which was announced in August 2000, has been cancelled owing to the non-fulfilment of certain suspensive conditions. This development will not affect the expansion programme.

Diamonds

US$ million	2000	1999
Total operating profit	491	245
Headline profit	321	162
Share of headline profit (%)	16	12

The year 2000 was exceptional for De Beers with The Diamond Trading Company achieving record sales of US$5,670 million. Diamond stocks were reduced during the year by US$924 million to US$3,065 million. This run-down of stock, increases in prices and bringing into account the full profits of Venetia all contributed to higher margins on the diamond account. De Beers concluded the acquisition of 100% of the Saturn Partnership, successfully bid for the shares of Winspear Diamonds Inc. and acquired the remaining 32% of the Snap Lake project from Aber Resources Inc.

Coal

US$ million	2000	1999
Total operating profit	169	114
South Africa	136	126
Australia	35	–
South America	(2)	(12)
Headline profit	138	79
Net operating assets	1,580	708
Capital expenditure	45	26
Share of headline profit (%)	7	6
Share of group net operating assets (%)	10	6

Anglo Coal's operating profit for the year at US$169 million was 48% higher than in 1999. This improvement is partly due to the first contribution from the acquisitions in Australia as well as the strong performance from the export mines in South Africa. The total volume of coal sales for the year was 64.8 million tonnes, 3.0 million tonnes higher than in 1999.

Operating profit from the South African operations was higher than in 1999 due to increased prices for export coal in the second half of the year and lower unit costs as a result of the substantial depreciation in the South African rand.

Coal sales from the South African operations amounted to 55.2 million tonnes, 6.1 million tonnes lower than the previous year. This decrease was due to the disposal of Gold Fields Coal Limited, comprising Anglo Coal's Arnot underground colliery, the joint venture interest in Matla Colliery and New Clydesdale Colliery, to Eyesizwe Coal (Pty) Ltd, a black empowerment company, effective July 2000.

In July 2000, Anglo Coal completed the purchase from Shell Petroleum of its entire shareholding in Shell Coal Holdings Limited which includes its Australian and Venezuelan operations. Anglo Coal also agreed to make offers for the interest of one of Shell's former joint venture parties in the Drayton and Callide coal mines. Completion of the acquisition of these additional interests took place in October 2000. The total consideration for the acquisition of Shell Coal Holdings Limited, together with such joint venture interests, amounted to US$959 million. Further minority interests in certain other joint ventures were purchased later in the year. Attributable coal sales from the Australian operations amounted to 8.2 million tonnes and contributed US$35 million to operating profit.

The operating loss from the Colombian operations was US$2 million, an improvement of over 80% on 1999. Attributable coal sales amounted to 1.4 million tonnes, 0.9 million tonnes higher than in the previous year, resulting in substantially lower unit costs. Following the purchase of Rio Tinto's one-third interest in Carbones del Cerrejón, the remaining shareholders, Anglo Coal and Glencore, on-sold the one-third share to Billiton, effective January 2000. In November 2000, the new consortium acquired the Colombian Government's 50% interest in the Cerrejón Zona Norte mining complex. This acquisition is expected to contribute over 3 million tonnes per annum of coal sales for Anglo Coal.

Financial review

Base metals

US$ million	2000	1999
Total operating profit	(41)	174
Copper	173	136
Zinc	(5)	12
Nickel	40	27
Other	(12)	(1)
Impairments	(237)	–
Headline profit	132	97
Net operating assets	2,102	1,606
Capital expenditure	410	257
Share of headline profit (%)	7	7
Share of group net operating assets (%)	13	13

The Base metals division recorded an operating loss of US$41 million in 2000, US$215 million worse than in 1999. The main reasons for the fall were impairment provisions of US$237 million recorded principally in respect of the Group's interest in the Lisheen mine in Ireland, the Anaconda nickel operation in Australia and the Salobo project in Brazil. The Lisheen mine has suffered from operating problems throughout 2000 in respect of underground water, the quantity and grade of ore and concentrator recoveries. Anaconda's Murrin-Murrin operation has been affected by commissioning and ramp-up problems in respect of the high pressure acid-leach technology it has adopted. Underlying operating profit, excluding these one-off items, however, was up US$22 million principally as a result of higher metal prices.

The copper operations produced 559,000 attributable tonnes of copper and, excluding the impact of impairments, generated operating profit of US$173 million, up US$37 million compared to last year. The copper price averaged 82 US cents per pound compared with 71 US cents per pound in 1999. In March, the Group, via its 51% subsidiary Zambia Copper Investments, acquired a 65% interest in Konkola Copper Mines formed to acquire the assets of the Konkola and Nchanga divisions, the Nampundwe pyrite mine, and an option over the Nkana smelter, refinery and acid plant from Zambia Consolidated Copper Mines. The Group's interest in Mantos Blancos was increased from 77.4% to 99.97% and the company delisted from the Santiago Stock Exchange.

Attributable production at the nickel operations was 14,700 tonnes. Operating profit of US$40 million before impairments was 48% higher than in 1999 as a result of the sharply higher nickel price, which averaged US$3.92 per pound compared with US$2.73 per pound in 1999. An expansion project at the 43% owned Tati mine was approved and construction is proceeding on schedule with commissioning planned for the first quarter of 2002. Construction at the Loma de Níquel mine was delayed, pushing first production out to January 2001. The holding in Anaconda Nickel was increased by 3% to 26%.

The zinc and lead operations produced 158,000 attributable tonnes of zinc and 79,000 attributable tonnes of lead. Zinc prices improved to 51 US cents per pound compared with 49 US cents per pound in 1999. This was the result of good demand and continuing falling stocks. Lead prices averaged 21 US cents per pound, marginally lower than in 1999. Despite the higher prices, the zinc and lead operations made an operating loss of US$5 million before impairments because of operating problems at Hudson Bay and Lisheen. This was US$17 million worse than in 1999.

In terms of new developments, 2000 was an important year. At Hudson Bay, work continues on the development of the 777 orebody and the associated upgrade of surface facilities at the mine. The Lisheen operation continues to suffer from slower than planned underground development and ramp-up of the plant. This has led to a complete review of mining methods with the objective of achieving design capacity production by July 2001. The Skorpion project and a new shaft at Black Mountain were approved and construction activities have started.

Namakwa Sands generated an operating profit of US$22 million, US$19 million higher than in 1999. This was principally the result of firmer demand and prices and improved operating efficiencies.

Industrial minerals

US$ million	2000	1999
Total operating profit	150	118
UK	107	84
Europe	21	9
Brazil	22	25
Headline profit	159	116
Net operating assets	3,196	1,184
Capital expenditure	186	70
Share of headline profit (%)	8	9
Share of group net operating assets (%)	20	9

The Industrial minerals division increased operating profit from US$118 million in 1999 to US$150 million this year, principally as a result of the additional profit arising from the acquisition of Tarmac on 1 March. Non-operating exceptional costs of US$79 million have been incurred in restructuring the operations.

The disposal of Tarmac's US assets was completed and proceeds of US$647 million realised. The disposal of some UK quarries and related assets, required in terms of an undertaking to the Secretary of State for Trade and Industry, has also been completed and proceeds of US$62 million have been realised.

The performance in 2000 was, however, disappointing, mainly as a result of the deterioration which occurred in the UK construction materials market and cost pressures resulting from the higher oil price. The main aggregates, asphalt, ready-mixed concrete and concrete products businesses all experienced subdued demand, which was exacerbated by the autumn fuel crisis and bad weather conditions. In central Europe, results were affected by a further substantial fall in demand in the German construction industry. However, the situation was better in Spain and France where construction activity was more buoyant.

Copebrás' operating profit of US$22 million was marginally lower than last year with higher volumes of fertiliser and STPP being offset by lower prices and increased administration costs.

Financial review

Cleveland Potash has now recovered from the mine flooding problem which severely affected production in 1999. With half its production being exported, mainly to continental Europe, the weakness of the Euro has adversely affected its financial results.

Ferrous metals

US$ million	2000	1999
Total operating profit	127	75
Highveld Steel	22	(13)
Scaw Metals	30	31
Samancor Group	57	45
Other	18	12
Headline profit	86	67
Net operating assets	390	470
Capital expenditure	32	47
Share of headline profit (%)	4	5
Share of group net operating assets (%)	2	4

Operating profit of the division at US$127 million was significantly higher than the US$75 million recorded in 1999. A stronger world market for steel and related products in the first half of 2000 was a major factor in this improvement.

Highveld Steel staged a strong recovery in the first six months of 2000 on the back of higher carbon steel prices. Prices, however, collapsed in the second half of the year as export markets for carbon steel, vanadium and manganese alloys all deteriorated and production and scheduling problems were experienced at the steelworks.

Columbus Stainless is jointly owned by Highveld, Samancor and the Industrial Development Corporation of South Africa. An improved first half performance, which was based on sharply higher stainless steel prices and higher production, was adversely impacted by weakening prices in the second half.

Scaw's operating profit was slightly below last year's level. Operating performance was mixed, with a good performance from the grinding media operations being offset by a poor performance from cast products.

Samancor's manganese and chrome operations benefited from modest increases in prices and higher production.

Forest products

US$ million	2000	1999
Total operating profit	458	272
Europe	221	124
South Africa	202	136
Brazil	35	12
Headline profit	308	199
Net operating assets	3,054	1,348
Capital expenditure	126	181
Share of headline profit (%)	15	15
Share of group net operating assets (%)	19	11

The Forest products division's operating profit of US$458 million was significantly higher than the 1999 profit of US$272 million. The increase can be attributed to the acquisition of additional interests in Frantschach and Neusiedler, the purchase of Assi Sacks and Ruzomberok, higher prices achieved in strong global pulp and paper markets, ongoing cost reductions and productivity improvements.

Mondi Europe achieved record profits due to the impact of the acquisitions completed in the second half of 2000, improved selling prices, increased volumes and cost savings. In the first of an important series of acquisitions, Mondi Europe increased its interest in the Frantschach Group to 70% and purchased Frantschach's 51% interest in Neusiedler, resulting in 100% ownership of Neusiedler by Mondi Europe at a total cost of US$234 million. Frantschach purchased Assi Sacks from the Swedish paper group AssiDomän (including two of Assi's sack paper mills, all of its industrial sack converting operations and barrier coating business) for a consideration of US$490 million. Neusiedler acquired a 50% interest and management control of Ruzomberok, a Slovakia-based uncoated woodfree paper producer. In October, in a further step aimed at focusing the business on its core products, Frantschach sold its interest in the Austrian pulp producer Pöls.

Mondi South Africa achieved a significantly higher operating profit. This was mainly the result of improved prices and volume growth in key market sectors, combined with ongoing cost reductions.

In Brazil, Mondi's 12% owned associate Aracruz achieved record production and sales volumes. This contributed, together with the strong pulp price and low operating costs,
to a 192% increase in operating profit for the year.

Industries

US$ million	2000	1999
Total operating profit	272	358
AECI	60	95
Tongaat-Hulett	126	121
LTA	20	40
Other	66	102
Headline profit	99	82
Net operating assets	1,317	2,137
Capital expenditure	163	175
Share of headline profit (%)	5	6
Share of group net operating assets (%)	8	17

The division contributed an operating profit in 2000 of US$272 million, down US$86 million from 1999. This reduction reflects the continuing programme of disposals which have been implemented as Anglo American focuses on its core natural resource and mining businesses.

AECI's profits were adversely impacted by the disposal of Polifin in June 1999 and the weaker performance of the explosives division as a result of higher ammonia and feedstock prices.

Operating profit from Tongaat-Hulett increased because of a higher dollar export price for sugar and higher sugar production.

During the first half of 2000 a number of disposals were completed, including interests in Johnnic, McCarthy, Ventron, Altron, Samcor and Ford Credit. In the second six months the programme accelerated with the disposal of Dorbyl (US$26 million) and a part of the Group's interest in Li & Fung (US$282 million). The sale of LTA to the Aveng Group in South Africa for US$130 million was completed in October and in December, AECI agreed to buy back 40% of its own shares from Anglo American for US$93 million, leaving the Group with a 20% interest in the reduced capital of AECI.

Financial review

Financial services

US$ million	2000	1999
Total operating profit	128	138
Headline profit	100	112
Share of headline profit (%)	5	9

The division contributed an operating profit of US$128 million, a decrease of US$10 million over 1999. The principal contributor to the results of the division was FirstRand in which the Group had a 20% interest. In December, Anglo American concluded an agreement to swap a 15% interest in FirstRand for a 7% interest in Billiton Plc and an 11% interest in Gold Fields Limited. The transaction was completed in 2001. Dividend income from the remaining 5% interest in FirstRand, the interests in Billiton and Gold Fields and the relatively minor residual financial services interests will, in the future, be included in corporate activities.

Treasury management and hedging policy

The principal financial risks arising from the Group's activities are commodity price risk, currency risk, liquidity risk, interest rate risk and counterparty risk.

The Group's principal treasury policies are set by the board. The Group treasury acts as a service centre and operates within clearly defined guidelines approved by the board. It provides financial services to the Group and is responsible for the management and monitoring of the financial risk exposures faced by Anglo American. Anglo American uses a number of derivative instruments to hedge these financial risk exposures. The Group accounting department provides an independent control function to monitor and report on treasury activities, which are also subject to regular review by internal and external audit.

Commodity risk

Anglo American is exposed to movements in the price of precious metals, base metals and other commodity products. Strategic hedging of the price risk is undertaken from time to time and derivatives are used to optimise the value of Anglo American's production of these commodities. Gold hedging is managed by AngloGold independently.

Currency risk

Anglo American publishes its financial statements in US dollars, and a substantial proportion of the Group's sales are denominated in US dollars. As a result, a large component of the Group's net debt and cash deposits are denominated in US dollars. In addition, the Group has significant cash and net debt denominated in South African rand.

However, Anglo American conducts business in many foreign currencies and, as a result, it is subject to currency risks owing to exchange rate movements which will affect Anglo American's costs and the translation of the profits of subsidiaries whose functional currency is not the US dollar. The principal source of currency risk is the non-US dollar denominated costs of mines in South Africa and, less importantly, Chile, Brazil, Australia and Canada which produce commodities that are priced on world markets in US dollars. Changes in the South African rand can have a significant impact on profit margins.

The principal exposure on the translation into US dollars of foreign currency net assets is to the South African rand, sterling, Australian dollar and the Euro. The balance sheet effect is hedged, where practicable and cost effective, by holding corresponding borrowings in foreign currencies.

Exchange rates against the US dollar

Average	2000	1999
South African rand	6.91	6.09
Pound sterling	0.66	0.62
Euro	1.08	0.94
Australian dollar	1.72	1.55
Year end		
South African rand	7.58	6.15
Pound sterling	0.67	0.62
Euro	1.06	0.99
Australian dollar	1.80	1.52

Interest rate risk

Anglo American is exposed to interest rate risk, in particular to changes in US dollar, South African rand, sterling and Euro interest rates. Corporate policy is to maintain a high proportion of floating rate debt, although strategic hedging using fixed rate debt may be undertaken from time to time if considered appropriate. The policy is to invest cash at floating rates of interest and cash reserves are maintained in relatively short term investments in order to maintain liquidity whilst achieving a satisfactory return for shareholders.

Counterparty risk

Cash deposits and other financial instruments give rise to credit risk on the amounts due from counterparties. The Group controls and monitors the distribution of these exposures against approved limits to minimise the risk of loss in the event of non-performance by a counterparty. The possibility of material loss arising in the event of non-performance by a counterparty is considered unlikely.

Liquidity risk and financing

Anglo American borrows using short term variable rate instruments such as commercial paper, bills and money market lines, as well as using committed medium and short term bank facilities. In addition, certain projects are financed by means of limited recourse project finance, if appropriate. It is believed that the Group's net cash flow from operations, its holdings of cash and cash equivalents and access to credit facilities will be sufficient to cover the likely short and long term cash requirements of the Group. At 31 December 2000, the Group had available undrawn, committed borrowing facilities totalling US$3,046 million.

Directors' report

The directors have pleasure in submitting the statutory financial statements of the Company for the year ended 31 December 2000.

The Directors' report should be read in conjunction with the chairman's statement, chief executive's statement, Operating reviews, Exploration report and Social responsibility report contained in the Annual Review, the Financial review and the Remuneration report which are contained in this Annual Report, which include information on the individual business sectors of the Group and its associates, their performance and current and future developments.

Principal activities and business review

Anglo American, with its subsidiaries, joint ventures and associates, is a world leader in gold, platinum group metals and diamonds, with significant interests in coal, base and ferrous metals, industrial minerals and forest products.

The Company's business is a going concern as interpreted by the Guidance on Going Concern and Financial Reporting for directors of listed companies registered in the United Kingdom, published in November 1994.

Dividends

An interim dividend of 60 US cents per ordinary share was paid on 20 October 2000. The directors recommend a final dividend of 130 US cents per ordinary share. This will make a total for the year to 31 December 2000 of 190 US cents per ordinary share. Subject to the approval of the shareholders at the annual general meeting to be held on Tuesday, 15 May 2001, the final dividend will be payable on Friday, 18 May 2001 to shareholders registered in the books of the Company at the close of business on Friday, 23 March 2001.

On 26 August 1999, Greenwood Nominees Limited, as nominee for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share schemes, waived its right to all dividends (except for 1 pence), payable by the Company. The amount waived during the year, in respect of the interim dividend, was US$10,066,073.

Authorised share capital

During the year ended 31 December 2000 there was no change in the authorised share capital of the Company of £50,000 and US$300,000,000 divided into 50,000 preference shares of £1 each and 600,000,000 ordinary shares of US$0.50 each.

Issued share capital

During the year ended 31 December 2000 there was no change in the issued share capital of the Company of 50,000 preference shares of £1 each and 407,661,244 ordinary shares of US$0.50 each.

The authorised and issued share capital of the Company is also set out in note 36 on page 53.

Details of interests of 3% or more in the ordinary share capital of the Company are shown on page 57.

Corporate governance

A report on corporate governance and compliance with the Combined Code appended to the UK Listing Authority's Rules is set out on pages 9 and 10.

Directorate

The following directors held office during the year to 31 December 2000:

J Ogilvie Thompson: chairman and, until 18 July 2000, chief executive
A J Trahar: chief executive with effect from 18 July 2000
L Boyd: executive vice-chairman
M W King: executive vice-chairman
Dr J W Campbell: executive director
A W Lea: finance director
Sir David Scholey: deputy chairman
N F Oppenheimer: deputy chairman
Viscount Davignon: non-executive director
Dr C E Fay: non-executive director
R M Godsell: non-executive director
Sir Chips Keswick: non-executive director
R J Margetts: non-executive director
P S Wilmot-Sitwell: non-executive director

Further details of the directors' specific responsibilities and other directorships are set out on pages 38 and 39 of the Annual Review.

As announced on 15 February 2001, N F Oppenheimer intends to resign as a deputy chairman on the completion of the De Beers Transaction described in the paragraph entitled "Post balance sheet events"
on page 8.

As also announced on 15 February 2001, Sir Chips Keswick intends to resign as a non-executive director upon completion of the De Beers Transaction.

At the forthcoming AGM, Messrs Boyd and King will be retiring as directors of the Company and Messrs Davison and Nairn will be proposed for appointment.

B E Davison, aged 55, began his career with Johannesburg Consolidated Investment Company (JCI) in 1968 and in 1986 he was appointed a director of that company. He was appointed managing director of the newly established Anglo American Platinum Corporation Limited in 1995 and, in 1997, its chief executive. In 1986, he joined the board of Anglo American Corporation of South Africa Limited (AAC).

W A Nairn, aged 56, was appointed chief executive and managing director of JCI in 1994. Mr Nairn joined the AAC Group in 1999 when he was appointed an executive director of AAC and, in January 2000, was appointed group technical director of AAC.

In December 2000, Messrs Davison and Nairn were appointed members of the Company's Executive Committee.

In terms of the Company's Articles of Association, Dr C E Fay and Messrs Margetts, Oppenheimer and Lea retire by rotation at the forthcoming AGM, and, being eligible, offer themselves for re-election.

Details of the directors' interests in any Group company can be found in the Remuneration report on pages 15 to 17.

Directors' report

Safety, health and environment

A separate Safety, Health and Environment report is available from the Company upon request.

Payment of suppliers

The Companies Act 1985 requires a public company to state its policy and practice on the payment of trade creditors. Anglo American plc is a holding company and, as such, had no trade creditors at the year end. The Company's subsidiaries have no fixed payment policies but adhere to such terms as are agreed upon as and when the contracts are entered into with suppliers.

Post balance sheet events

Disposal of interest in FirstRand

On 1 February 2001, the Company exchanged a significant part of its holding in FirstRand Limited for interests of 7.1% and 11.3% in Billiton Plc and Gold Fields Limited respectively.

De Beers Transaction

On 15 February 2001, DB Investments (to be 45% owned by the Company) announced that agreement had been reached with the boards of De Beers on the terms of a recommended transaction (the "De Beers Transaction") which it is intended will result in the elimination of the cross-holding between De Beers and the Company and an increase in the Company's interest in De Beers from 32.2% to 45.0%. A detailed description of the De Beers Transaction will appear in a circular to shareholders (the "Circular") to be issued on or about 10 April 2001.

Employment policy

The Anglo American Group, which operates in over 40 countries throughout the world, is managed along decentralised lines. Each of its operating divisions is empowered to manage its businesses within the context of its own industry, and the different legislative and social demands of the diverse countries in which those divisions operate.

Within all our businesses, the safe and effective performance of all our employees, and the maintenance of positive employee relationships are of fundamental importance. Managers of our divisions are charged with ensuring that the following key principles are upheld:

> Adherence to national legal standards on employment and workplace rights at all times

> Adoption of fair labour practices

> Prohibition of child labour

> Prohibition of inhumane treatment of employees, and any form of forced labour or physical punishment

> Continual promotion of safe and healthy working practices

> Ongoing focus on eliminating arbitrary or unfair discrimination

> Provision of opportunities for employees to enhance their work related skills and capabilities

> Recognition of freedom of association of employees

> Adoption of appropriate procedures for determining terms and conditions of employment.

In addition, operations may seek to achieve specific industry benchmark standards, and to embrace related workplace programmes and social initiatives.

Donations

During the year Anglo American and subsidiaries made charitable donations of US$28 million of which US$0.6 million was donated in the UK. A review of the contribution by Anglo American companies to local communities is contained in the Annual Review. No donations were made in the UK during 2000 for political purposes as defined by the Companies Act 1985.

Auditors

A resolution to reappoint the auditors, Deloitte & Touche, will be proposed at the forthcoming AGM in accordance with Section 384 of the Companies Act 1985.

Annual general meeting

The AGM will be held at 11:00 am on Tuesday, 15 May 2001 at The Banqueting House, Whitehall, London SW1A 2ER. The notice convening the meeting is set out in the Annual Review. In addition to the ordinary business of the meeting, as special business, shareholder consent will be sought:

(a) to renew the directors' existing authorities to:

(i) allot ordinary shares up to an aggregate nominal amount of US$67,000,000 (equivalent to 134,000,000 ordinary shares of US$0.50 each),

(ii) allot ordinary shares for cash up to an aggregate nominal amount of US$10,000,000 (equivalent to 20,000,000 ordinary shares of US$0.50 each), and

(iii) make market purchases of up to a maximum of 40,000,000 ordinary shares of US$0.50 each of the Company.

Note: in the event of the De Beers Transaction being approved at the extraordinary general meeting expected to be held on 4 May 2001, the amounts referred to in (i), (ii) and (iii) above shall be amended to reflect the proposed bonus issue of ordinary shares and the cancellation of ordinary shares described in the Circular.

(b) to amend the Articles of Association of the Company so that dividend payments to the shareholders on the overseas branch register of the Company can be satisfied by means of a dividend paid by any subsidiary of the Company incorporated in South Africa.

There is one other resolution contained in the notice of meeting that constitutes special business which relates to the introduction of a Long Term Incentive Plan. Full details of this proposal are contained in a separate Chairman's letter mailed to shareholders with this Annual Report.

By order of the board

Nicholas Jordan
Company secretary

13 March 2001

Corporate governance

Compliance statement

Anglo American's board of directors is responsible and accountable to shareholders for ensuring compliance with high standards of corporate governance and also that Anglo American's system of internal control is both reviewed regularly and is effective. Throughout the year ended 31 December 2000 the principles and detailed provisions of section one of the Combined Code have been complied with except that the chairman of the board was also chief executive until 18 July 2000, at which date he stepped down as chief executive. This is commented on below.

The Combined Code has determined 14 principles of good governance, divided into four sections, which are referred to below.

Board of directors

The board of directors is responsible to the shareholders for setting the direction of Anglo American through the establishment of strategic objectives and key policies. The board meets on a regular basis and at least six times a year. During 2000, nine board meetings were held. The board considers issues of strategic direction, major acquisitions and disposals, approves major capital expenditure and other matters having a material effect on Anglo American. Presentations are made to the board by divisional management on the activities of operations and both executive and non-executive directors undertake regular visits to operations and projects.

The composition of the board, with a strong independent element, ensures that no one individual has unfettered powers of decision and authority. There are currently five executive and nine non-executive directors of Anglo American. N F Oppenheimer, who is chairman of the De Beers group, is currently a non-executive deputy chairman but has announced his intention to resign as deputy chairman on completion of the De Beers Transaction. Sir David Scholey, the other non-executive deputy chairman, is the senior independent non-executive director. Viscount Davignon, Dr C E Fay, R J Margetts and P S Wilmot-Sitwell are non-executive directors who are independent of management and free from any business or other relationship with the Group. The other non-executive directors are Sir Chips Keswick, R M Godsell and J Ogilvie Thompson. Sir Chips Keswick has announced that he proposes to resign as a director upon completion of the De Beers Transaction.

Anglo American's directors have a wide range of expertise as well as significant experience in financial, commercial and mining activities. On 18 July 2000 the functions of chairman and chief executive were split, with J Ogilvie Thompson stepping down as chief executive and A J Trahar being appointed in his stead. J Ogilvie Thompson continues to serve as chairman of Anglo American in a non-executive capacity.

All directors have access to management, including the company secretary, and to such information as is needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense.

All directors are subject to election by shareholders at the first opportunity following their appointment. In addition, directors will retire by rotation and stand for re-election by shareholders at least once every three years in accordance with Anglo American's Articles of Association.

Subject to specific fundamental, strategic and formal matters reserved for its decision, the board delegates certain responsibilities to a number of standing committees, which operate within defined terms of reference laid down by the board, as referred to below.

Executive Committee

The chief executive, A J Trahar, chairs the Executive Committee which includes all the executive directors of the Company. The Committee is empowered and responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the Company, prioritising the allocation of capital, technical and human resources and establishing best management practices. The Committee is also responsible for senior management appointments and monitoring their performance and acts as the Anglo American risk committee for the purpose of reviewing and monitoring Anglo American's systems of internal control.

The Executive Committee presently comprises: A J Trahar (chairman), L Boyd (deputy chairman), M W King (deputy chairman), Dr J W Campbell, B E Davison, A W Lea and W A Nairn.

Remuneration Committee

The Remuneration Committee, comprising solely independent non-executive directors, is responsible for establishing and developing Anglo American's general policy on executive and senior management remuneration and determining specific remuneration packages for executive directors.

The Remuneration Committee presently comprises: R J Margetts (chairman – with effect from 13 March 2001), Dr C E Fay, Sir David Scholey and P S Wilmot-Sitwell.

Audit Committee

The Audit Committee, comprising solely non-executive directors, is responsible for the consideration of the appointment of external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining all documentation relating to the annual and interim financial statements. In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports. The Committee normally meets at least three times each year.

The Audit Committee presently comprises: Viscount Davignon (chairman), Sir Chips Keswick and R J Margetts.

Investment Committee

The Investment Committee's role is to manage the process of capital allocation by ensuring that investments and divestments increase shareholder value and meet Anglo American's financial criteria. The Committee makes recommendations to the Executive Committee and/or the board on these matters.

The Investment Committee presently comprises: A W Lea (chairman), M W King and (as co-opted members) W A Nairn, G R Pardoe and P G Whitcutt.

Safety, health and environment ("SHE") Committee

The SHE Committee is responsible for developing framework policies and guidelines for safety, health and environment management and ensuring the progressive implementation of the same throughout the Group.

The SHE Committee presently comprises: Dr C E Fay (chairman), R M Godsell, W A Nairn, J Ogilvie Thompson, A J Trahar and P S Wilmot-Sitwell.

Corporate governance

Nomination Committee

The role of the Nomination Committee is to make recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the board generally and the balance between executive and non-executive directors.

The Nomination Committee presently comprises: J Ogilvie Thompson (chairman), Sir David Scholey, N F Oppenheimer and P S Wilmot-Sitwell.

Directors' remuneration

The board's Remuneration report, providing a statement on Anglo American's policy on executive directors' remuneration, benefits, share options and pensions, is set out on pages 11 to 17 of this report.

Relations with shareholders

During the year there have been regular presentations and meetings with institutional investors in the United Kingdom, South Africa, Europe and the United States to communicate the strategy and performance of Anglo American. Executive directors attend such presentations and meetings. Regular contact with institutions is managed by the Investor Relations Department. The Company's corporate website (www.angloamerican.co.uk) provides the latest and historical financial and other information on Anglo American.

Shareholders will have the opportunity at the forthcoming AGM, notice of which is set out on page 48 of the Annual Review, to put questions to the board, including the chairmen of the various committees.

Accountability and audit

The board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the chairman's and chief executive's statements set out on pages 2 to 7 of the Annual Review, and the Financial review set out on pages 2 to 6 of this Annual Report. The respective responsibilities of the directors and auditors in relation to the financial statements are set out on page 18. As referred to in the Directors' report on page 7, the directors have expressed their view that Anglo American's business is a going concern.

Internal control disclosure statement

The Executive Committee, as mandated by the board, has established a Group-wide system of internal control to manage significant group risks. This system supports the board in discharging its responsibility for ensuring that the wide range of risks, associated with the Group's diverse international operations, are effectively managed in support of the creation and preservation of shareholder wealth.

The board's policy on risk management encompasses all significant business risks to the Group, including operational risk, which could undermine the achievement of business objectives. This system of internal control is designed so that the different divisions are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers throughout the Group. The requisite risk and control capability is assured through board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Continuous monitoring of risk and control processes, across 15 significant risk areas, provides the basis for regular and exception reporting to business management and boards, the Executive Committee and the board.

For each significant risk area, Group risk owners have been appointed. Practical guidance for each risk area is detailed in the Operational Risk Management manual. The risk assessment and reporting criteria are designed to provide the board with a consistent, group-wide perspective of the key risks. The reports to the board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the board. The board considers the number of fatalities that have occurred in our managed operations to be unacceptable. A more detailed perspective will be provided in the separate SHE report.

Regular management reporting, which provides a balanced assessment of key risks, is an important component of board assurance. Additional sources include assertions by divisional heads and chief financial officers as well as board committees established to focus on specific risks such as safety of people and capital investment. The chief financial officers provide confirmations, on a six-monthly basis, that financial and accounting control frameworks have operated satisfactorily. The board also receives assurance from the Audit Committee which derives its information, in part, from regular internal and external audit reports throughout the Group on risk and internal control.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. Where this is not possible the Anglo American directors, who are represented on these organisations' boards, seek assurance that significant risks are being managed.

In conducting its annual review of the effectiveness of risk management, the board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives.

During the course of the year the board considered the Group's responsiveness to changes within its business environment. The board is satisfied that there is an ongoing process, which has been operational since 1 January 2000 up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group.

Remuneration report

Role and membership of the Remuneration Committee

The role of the Remuneration Committee is to establish the overall principles which determine the remuneration of Anglo American's management and, more specifically, to decide upon the remuneration of the Company's executive directors. In compiling this report, the committee has taken into account the provisions outlined in Schedule B of the Combined Code.

The Remuneration Committee comprises the following non-executive directors: R J Margetts (chairman with effect from 13 March 2001), Dr C E Fay, P S Wilmot-Sitwell and Sir David Scholey. The chairman and the chief executive attend the committee meetings (except when issues relating to their own compensation are discussed) and external advisers are used to provide information and advice as required.

Remuneration policy

Remuneration policy is formulated to retain, motivate and attract high-quality executives. In formulating its remuneration policy, the committee has given consideration to the Combined Code as well as the rules of the UK Listing Authority that relate to performance-driven remuneration.

The remuneration of the executive directors is made up of three main elements, designed to balance long and short term objectives: base salary, annual bonus plan and a long term incentive in the form of an executive share option scheme. There are performance targets attached to the last two elements designed to encourage and reward superior performance and to align the interests of the executive directors as closely as possible with the interests of the shareholders. To reinforce executives' focus upon medium and long term performance, it is proposed that a long term incentive plan be adopted at the Company's AGM in 2001. In addition to these main elements, the executive directors also receive retirement and other benefits as outlined below.

Base salary

The base salary of the executive directors is subject to annual review and is set with reference to external market data, relating to comparable international companies based in the UK and overseas; individual performance is also taken into consideration.

Other benefits

Executive directors are entitled to the provision of car allowances or a fully-maintained car, medical insurance, death and disability insurance and reimbursement of reasonable business expenses. Certain directors also receive housing loan subsidies at a preferential interest rate. The total value of benefits received by each director is shown on page 13.

Annual bonus plan

All executive directors are eligible to participate in an annual bonus plan based on the achievement of short term performance targets set for each executive director. These targets include measures of corporate performance and divisional performance (where applicable) and the achievement of individual objectives. These targets are reviewed annually by the chairman and chief executive with the Remuneration Committee. The bonus (which is non-pensionable) will not normally exceed 50% of annual base salary.

Directors will be eligible to receive shares in Anglo American for a minimum value of 50% of the bonus (after tax) or, at their election, 100% which, if held for three years, will be matched by the Company on a one-for-one basis conditional upon the executive director's continued employment.

Share option scheme

The Company operates an executive share option scheme and executive directors are eligible to participate in it in accordance with the scheme rules. Grants of options are made annually. The value of shares over which options were granted in March 2000 was equivalent to 1.25 times base salary for the chairman and chief executive and the equivalent of one year's base salary for each executive director. When the roles of chairman and chief executive were split in July 2000, the new chief executive was granted additional options which brought his total grant for the year up to 1.25 times his new base salary. At the same time, Dr J W Campbell received additional options which brought his total grant for the year up to 1.15 times his new base salary, in order to reflect his increased responsibilities. Options are not granted at a discount and are not pensionable. The exercise of options is subject to Anglo American's earnings per share increasing by at least 6% above the UK Retail Price Index over a three-year period. Options are normally exercisable, subject to satisfaction of the performance condition, between three and ten years from the date of grant.

Pensions

Each executive director, other than A W Lea, is a member of the Anglo American plc International Approved Pension Scheme.
A W Lea is a member of the Anglo American plc Approved Pension Scheme (formerly known as the Minorco Executive Directors' Fund). Both of these schemes are defined contribution pension schemes. Until 17 July 2000, contributions were made to the schemes in respect of each of the executive directors at the rate of 25% of base salary under their contracts with Anglo American International (IOM) Limited except in the case of A W Lea who, under the terms of his contract with Anglo American International (BVI) Limited, was previously entitled to company contributions at 35% of such base salary, a commitment which continues to be honoured. With effect from 18 July 2000, the contributions for A J Trahar and Dr J W Campbell were increased to 35% of base salary; however, 25% continues to be the normal contribution rate for directors.

Dr J W Campbell, M W King and A J Trahar are members of the Anglo American Corporation Pension Fund, under which they accrue benefits at the rate of 2.2% per annum of pensionable salary (as defined in the rules of that scheme) under their South African contracts for each year of pensionable service. The scheme provides spouses' benefits of two-thirds of the member's pension on the death of a member. It does not have provision for guaranteed pension increases. L Boyd is a member of the Anglo American Corporation Retirement Fund, to which contributions are made at the rate of 15% of base salary and car allowance under his South African employment contract. He elected to join this scheme when it was established in September 1998 and has transferred his accrued benefits from the Anglo American Corporation Pension Fund, of which he was previously a member.

A W Lea is entitled to deferred benefits in the Anglo American Corporation Pension Fund in respect of previous South African service. No pension costs were incurred in respect of the non-executive directors, save in respect of J Ogilvie Thompson (see below) and R M Godsell who continued to be a member of the AngloGold Pension Fund (a defined benefit pension scheme), in his capacity as chairman (with effect from 11 December 2000) and chief executive of that company.

Non-executive directors

The remuneration of the non-executive directors is determined by the board as a whole.

J Ogilvie Thompson was appointed non-executive chairman on 18 July 2000 and receives a fee of £325,000 per annum, the provision of a car allowance and medical insurance. Additionally, he receives a supplement in lieu of a contribution to the Anglo American Corporation Retirement Fund as he has reached pensionable age and a contribution at the rate of 25% of base salary, under his contract with Anglo American International (IOM) Limited, to the Anglo American plc International Approved Pension Scheme. Sir David Scholey is paid a fee of £80,000 per annum in his capacity as a deputy chairman, senior independent non-executive director and member of various committees.

Each other non-executive director is paid a fee of £30,000 per annum. Non-executive directors, other than J Ogilvie Thompson and Sir David Scholey, who are members of a committee of the board are paid an additional sum of £5,000 per annum in respect of each committee and a further £5,000 per annum where the non-executive director is chairman of a committee except in the case of the Nomination Committee (where the respective fees are £2,500 in each case).

N F Oppenheimer and R M Godsell are paid fees amounting to £4,500 per annum in respect of their South African duties as non-executive directors of Anglo American Corporation of South Africa Limited. N F Oppenheimer was additionally paid a fee of £10,500 in his capacity as chairman of AngloGold, a position he relinquished with effect from 11 December 2000.

Directors' service contracts

In order properly to reflect their spread of responsibilities, all the executive directors, with the exception of A W Lea who is employed by Anglo American International (BVI) Limited, have contracts with Anglo American International (IOM) Limited and Anglo Operations Limited (AOL). Under the latter contract the salary is payable in rand. The employment contracts of all executive directors are terminable at 12 months' notice by either party. All the non-executive directors have letters of appointment with Anglo American for a period of three years from their date of appointment. In addition to his service contract with Anglo American, R M Godsell has a service contract with AngloGold, an independently managed subsidiary of Anglo American, in his capacity as chairman (with effect from 11 December 2000) and chief executive. Under this contract, his employment may be terminated by either party giving to the other 30 days' notice.

External appointments

Subject to the approval of the board, executive directors are permitted to hold a directorship in one non-group company and to retain the fees payable from this appointment.

Waiver of emoluments

In view of their having no provision for past service in respect of membership of their sterling denominated pension fund, Messrs Trahar and Campbell wish to enhance the value of this fund by means of supplementary voluntary contributions. Consequently, during the year ended 31 December 2000, the Remuneration Committee permitted Messrs Trahar and Campbell to forgo a portion of their base salary, amounting to £54,000 and £39,000 respectively, these amounts to be made up by supplementary pension contributions to the Anglo American plc International Approved Pension Scheme. These supplementary pension contributions are shown on page 14.

Remuneration report

1 Directors' emoluments

Year ended 31 December 2000

The following tables set out an analysis of the pre-tax remuneration, including bonuses but excluding pensions, for individual directors who held office during the years ended 31 December 1999 and 2000 in Anglo American. For the purposes of the following tables, the predecessor companies of Anglo American were Anglo American Corporation of South Africa Limited (AAC) and Minorco Société Anonyme, hereby defined as the "predecessor companies".

	2000	1999	
Non-executive directors	Anglo American fees £'000	Anglo American fees £'000	Predecessor[(1)] companies fees £'000
Sir David Scholey – deputy chairman	80	7	–
N F Oppenheimer – deputy chairman	47	35	12
Sir Alick Rankin – deputy chairman (deceased)	–	47	–
Viscount Davignon	40	33	7
Dr C E Fay	45	38	–
R M Godsell	40	32	9
Sir Chips Keswick	35	31	3
R J Margetts	40	40	–
P S Wilmot-Sitwell	43	43	8

(1) During the year ended 31 December 1999, certain of the non-executive directors received emoluments on a concurrent basis under letters of appointment as directors of predecessor companies and Anglo American. Accordingly, in respect of the year ended 31 December 1999, emoluments in the above table have been analysed between those received from predecessor companies and those received from Anglo American.

Under R M Godsell's rand denominated service contract with AngloGold, his base salary was equivalent to £213,000 per annum (1999: £185,000) and he was awarded a performance bonus equivalent to £38,000 (1999: £61,000). R M Godsell is also entitled to the provision of a car allowance, medical expenses insurance, death and disability insurance and a housing loan subsidy. The total value of these benefits was equivalent to £19,000 (1999: £23,000). During the year ended 31 December 1999, R M Godsell also redeemed previously accrued leave pay which was equivalent to £35,000.

	2000						1999[(3)]
Executive directors	Salary and fees £'000	Supplement[(1)] £'000	Accrued leave pay[(2)] £'000	Annual performance bonus £'000	Other benefits £'000	Total £'000	Total £'000
J Ogilvie Thompson – chairman[(4)]	510	31	–	237	44	822	811
A J Trahar – chief executive	428[(5)]	–	–	228	44	700	595
L Boyd – vice-chairman	460	–	42	196	42	740	540
M W King – vice-chairman	460	–	331	230	34	1,055	583
Dr J W Campbell	376[(5)]	–	92	176	42	686	465
A W Lea	393	–	–	177	22	592	541
H R Slack (resigned 14 April 1999)	–	–	–	–	–	–	614
T C A Wadeson (resigned 31 December 1999)	–	–	–	–	–	–	537

(1) J Ogilvie Thompson is paid a supplement in lieu of a contribution to the Anglo American Corporation Retirement Fund.

(2) Previously, executive directors who have service contracts with AOL were allowed to encash accumulated leave at any time up until retirement at their salary at that time. This policy was changed with effect from 1 January 2000 so that directors could only encash accumulated leave at its value at that date. During the year L Boyd, M W King and Dr J W Campbell exercised their entitlement for the redemption of previously accrued leave and the value of this redemption is shown in the figures above. As part of the change in policy, with effect from 1 January 2000, directors may carry forward only 5 days' leave entitlement each year, up to a maximum of 20 days.

(3) The executive directors entered into service contracts with Anglo American and wholly owned subsidiaries which were conditional upon the Company obtaining a listing on the London Stock Exchange on 24 May 1999. Emoluments received during the period 1 January 1999 to 23 May 1999 represent emoluments received from or in respect of earnings from predecessor companies, whilst emoluments received during the period 24 May 1999 to 31 December 1999 represent emoluments received from Anglo American and wholly owned subsidiaries. In respect of the figures shown in the above table for the year ended 31 December 1999, emoluments received during the period 1 January 1999 to 23 May 1999 and emoluments received during the period 24 May 1999 to 31 December 1999 have been aggregated, so as to provide reasonable comparative figures against the emoluments received during the year ended 31 December 2000.

(4) J Ogilvie Thompson was appointed non-executive chairman with effect from 18 July 2000. Prior to this date, he was both chairman and chief executive.

(5) See notes in next section.

Remuneration report

2 Pensions

Defined contribution pension schemes

The amounts paid into defined contribution pension schemes by Anglo American in respect of the individual directors were as follows:

	2000			1999[2]
	Normal contributions £'000	Supplementary contributions[1] £'000	Total £'000	Total £'000
J Ogilvie Thompson – chairman[3]	77	–	77	50
A J Trahar – chief executive	79	54	133	26
L Boyd – vice-chairman	91	–	91	66
M W King – vice-chairman	50	–	50	27
Dr J W Campbell	62	39	101	26
A W Lea	135	–	135	155
H R Slack (resigned 14 April 1999)	–	–	–	58
T C A Wadeson (resigned 31 December 1999)	–	–	–	66

(1) As described on page 12, A J Trahar and Dr J W Campbell have opted to forgo a portion of their base salary in favour of supplementary voluntary pension contributions.

(2) Pension contributions for the year ended 31 December 1999 have been presented on an aggregated basis for the two periods in the prior year (as has been done for directors' emoluments on page 13) in the table above.

(3) J Ogilvie Thompson was appointed non-executive chairman with effect from 18 July 2000. Prior to this date, he was both chairman and chief executive.

Defined benefit pension schemes

Executive directors, other than L Boyd, are eligible for membership of the Anglo American Corporation Pension Fund (the "Fund") in respect of their South African remuneration. The Fund is a funded final salary occupational pension scheme approved by the Financial Services Board and Commissioner of Inland Revenue in South Africa.

Pension benefits

	Additional benefit earned (excluding inflation) during the year ended 31 December 2000 Pension £'000 pa	Transfer value of increase in additional benefit earned as at 31 December 2000 £'000	Accrued entitlement at 31 December 2000 Pension £'000 pa
A J Trahar – chief executive	17	142	124
M W King – vice-chairman	7	87	152
Dr J W Campbell	14	116	118
A W Lea[1]	–	–	37

(1) A W Lea is entitled to deferred benefits in respect of previous South African service.

Remuneration report

No pension costs were incurred in respect of the non-executive directors, save in respect of J Ogilvie Thompson, as referred to above, and R M Godsell who, as chairman (with effect from 11 December 2000) and chief executive of AngloGold, continued to be a member of the AngloGold Pension Fund, a defined benefit pension scheme.

Pension benefits

	Additional benefit earned (excluding inflation) during the year ended 31 December 2000 Pension £'000 pa	Transfer value of increase in additional benefit earned as at 31 December 2000 £'000	Accrued entitlement at 31 December 2000 Pension £'000 pa
R M Godsell	12	168	121

The transfer values disclosed above do not represent a sum paid or payable to the individual director; instead they represent potential liabilities of the pension schemes.

3 Directors' options

	Roll-over options[1]							
	Holding at 1 January 2000	Option price (rand)	Exercised	Market price (rand)	Gain (rand)	Holding at 31 December 2000	Earliest date from which exercisable	Latest expiry date
J Ogilvie Thompson	125,000	205	–	–	–	125,000	16 June 1996	16 February 2008
A J Trahar	66,000	205	5,000	393	940,000	61,000	1 March 1999	16 February 2008
L Boyd	90,000	205	10,000	408	2,030,000	80,000	16 June 1996	16 February 2008
M W King	100,000	205	–	–	–	100,000	8 August 1996	16 February 2008
Dr J W Campbell	400	195	–	–	–	400	11 September 2000	10 September 2005
	74,600	205	–	–	–	74,600	16 June 1996	16 February 2008

	Anglo American plc options						
	Holding at 1 January 2000	Granted 2000[2][4]	Lapsed[3]	Holding at 31 December 2000	Weighted average price[4] £	Earliest date from which exercisable[5]	Latest expiry date
J Ogilvie Thompson	28,156	27,147	–	55,303	29.22	24 June 2002	22 March 2010
A J Trahar	13,623	25,225	(720)	38,128	29.43	24 June 2002	25 June 2010
L Boyd	15,791	15,521	(379)	30,933	29.08	24 June 2002	22 March 2010
M W King	15,791	15,521	(379)	30,933	29.08	24 June 2002	22 March 2010
Dr J W Campbell	13,564	17,844	(661)	30,747	29.14	24 June 2002	25 June 2010
A W Lea	39,429	13,443	(720)	52,152	28.41	24 June 2002	22 March 2010

(1) Certain of the directors had been granted share options prior to 1 January 1999 under a previous share option scheme operated by AAC which were 'rolled-over' into Anglo American options.

(2) Options granted under the Share Option Scheme and under the Anglo American Share Savings (SAYE) Plan.

(3) The directors, in common with other employees, were allowed to cancel existing SAYE options and reinvest in a new scheme.

(4) The executive options awarded in March 2000 and July 2000 were granted at exercise prices of £30.62 and £30.65, respectively. Both of these exercise prices reflect the market price ruling at the date of grant. SAYE options were granted to all participants at a 20% discount to market price which, for the directors shown above, resulted in an exercise price of £19.38.

(5) The executive options granted during 1999 and 2000 become exercisable in 2002 and 2003, respectively, subject to the satisfaction of performance criteria as set out in the Scheme rules. SAYE options are exercisable on the third, fifth or seventh anniversaries of their grant, depending upon the participants' choice.

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2000 to 31 December 2000 were £43.25 and £22.95 respectively. The mid-market price of the Company's shares at 29 December 2000 was £36.90.

The information provided above is a summary. However, full details of directors' shareholdings and options are contained in the Company's Register of Directors' Interests which is open to inspection.

In addition to the above share options, R M Godsell has share options in AngloGold, an independently managed subsidiary of the Company. Details of his share options are as follows:

	Holding at 1 January 2000	Granted	Option price (rand)	Holding at 31 December 2000	Earliest date from which exercisable	Latest expiry date
R M Godsell	64,150	–	208	64,150	16 June 1996	16 February 2008
	–	10,000	268	10,000	16 October 2002	16 October 2010

The highest and lowest mid-market prices of AngloGold's shares during the period 1 January 2000 to 31 December 2000 were R385.00 and R186.00 respectively. The mid-market price of AngloGold's shares at 29 December 2000 was R221.00.

4 Directors' share interests

The interests of directors who held office at 31 December 2000 in Ordinary Shares ("Shares") of the Company and its subsidiaries were as follows:

Shares in Anglo American plc

	As at 31 December 2000			As at 1 January 2000 (or, if later, date of appointment)		
	Beneficial	Conditional[1]	Non-beneficial	Beneficial	Conditional	Non-beneficial
J Ogilvie Thompson[2] [7]	33,228	2,205	–	36,023	–	–
Sir David Scholey	2,000	–	–	–	–	–
N F Oppenheimer[3]	29,257,783	–	355,284	29,257,783	–	355,284
L Boyd[4] [7]	12,764	714	–	10,444	–	–
M W King[7]	16,585	744	–	26,077	–	–
Dr J W Campbell[7]	10,592	1,269	–	9,323	–	–
A W Lea[5] [7]	3,677	1,554	–	2,123	–	–
A J Trahar[7]	1,298	1,279	–	19	–	–
Viscount Davignon	–	–	–	–	–	–
Dr C E Fay	400	–	–	–	–	–
R M Godsell	23	–	–	23	–	–
Sir Chips Keswick	1,000	–	–	1,000	–	–
R J Margetts[6]	300	–	–	–	–	–
P S Wilmot-Sitwell	1,000	–	–	1,000	–	–

There have been no changes in the above interests between 31 December 2000 and the date of this report.

(1) The award of these shares is conditional upon the participant's continued employment by the Company until three years after the conditional grant date and will be pro-rated in the case of any participant retiring during this period.

(2) J Ogilvie Thompson's interest in 16,000 of these Shares arises as a result of his wife's interest in a trust which owns these Shares. His interest in 15,000 of these Shares arises as a result of his being one of approximately 630 members of the Combined Annuity Retirement Fund, which is a registered retirement annuity fund under the South African Pensions Fund Act. In addition J Ogilvie Thompson has an interest in discretionary trusts which have an indirect economic interest in 4.59% of the 29,257,760 shares referred to in the next footnote by virtue of his being a potential discretionary beneficiary of family trusts which are interested as disclosed.

(3) N F Oppenheimer's beneficial interest in 29,257,760 of these Shares arises as a result of his interest in discretionary trusts which are treated as interested in shares held by Central Holdings Limited S.A. ("Centhold") by virtue of his being a potential discretionary beneficiary of family trusts which are interested as disclosed. His non-beneficial interest in 355,284 Shares arises as a result of his and his wife's positions as trustees of a charitable trust.

(4) L Boyd's beneficial interest in 500 Shares arises as a result of his wife's interest in these Shares.

(5) A W Lea's beneficial interest in 50 Shares arises as a result of his son's interest in these Shares.

(6) R J Margetts' beneficial interest in 300 Shares arises as a result of his wife's interest in these Shares.

(7) As at 13 March 2001, Messrs Ogilvie Thompson, Trahar, Boyd, King, Campbell and Lea are deemed, as potential beneficiaries of the relevant trust, to be technically interested in the 15,735,537 Shares held by Butterfield Trust (Guernsey) Limited, the trustee of the Anglo American employee share schemes.

Remuneration report

Shares and debentures in subsidiaries of Anglo American plc

	As at 31 December 2000		As at 1 January 2000	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Anglogold Limited				
N F Oppenheimer	95,927†	–	492,430†	–
M W King	2,023	–	2,023	–
R M Godsell	15,000*	–	15,000*	–
	230	–	–	–
Anglo American Platinum Corporation Limited				
L Boyd	–	100	–	–
Dr J W Campbell	16,500	–	12,000	–
Highveld Steel and Vanadium Corporation Limited				
L Boyd	–	100	–	100
M W King	–	–	–	100
N F Oppenheimer	–	100	–	100
A J Trahar	–	100	–	100
The Tongaat-Hulett Group Limited				
M W King	–	500	–	500
Zambia Copper Investments Limited				
A W Lea	–	100	–	100
J Ogilvie Thompson	–	100	–	100

† Indirect partial
* Debentures

There have been no changes in the above interests between 31 December 2000 and the date of this report.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and estimates that are reasonable and prudent;

> state whether applicable accounting standards have been followed; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' report to the members of Anglo American plc

We have audited the ½nancial statements on pages 19 to 55 which have been prepared under the accounting policies set out on pages 23 to 25. We have also audited the information speci½ed by the UK Listing Authority to be audited in respect of directors' remuneration, pension entitlements and share options and which is set out on pages 13 to 16 in the Remuneration report.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including, as described above, preparation of the ½nancial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the UK Listing Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the ½nancial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the ½nancial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information speci½ed by law or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement on pages 9 and 10 reflects the Company's compliance with the seven provisions of The Combined Code speci½ed for our review by the UK Listing Authority, and we report if it does not. We are not required to consider whether the board's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited ½nancial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the ½nancial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the ½nancial statements. It also includes an assessment of the signi½cant estimates and judgements made by the directors in the preparation of the ½nancial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with suf½cient evidence to give reasonable assurance that the ½nancial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the ½nancial statements.

Opinion

In our opinion the ½nancial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 December 2000 and of the pro½t of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House, 1 Little New Street
London EC4A 3TR

13 March 2001

Consolidated profit and loss account
for the year ended 31 December 2000

US$ million	Note	Before exceptional items 2000	Exceptional items (note 7) 2000	2000	1999
Group and share of turnover of joint ventures and associates	2	20,570	–	20,570	19,245
Less: Joint ventures' turnover	2	(1,590)	–	(1,590)	(1,720)
Associates' turnover	2	(4,156)	–	(4,156)	(5,947)
Group turnover – subsidiaries	2	14,824	–	14,824	11,578
Continuing operations		11,900	–	11,900	11,578
Acquisitions		2,924	–	2,924	–
Operating costs		(12,456)	(33)	(12,489)	(10,273)
Group operating profit – subsidiaries	2	2,368	(33)	2,335	1,305
Continuing operations		2,156	(33)	2,123	1,305
Acquisitions		212	–	212	–
Share of operating profit of joint ventures	2	282	(123)	159	245
Share of operating profit of associates	2	830	(110)	720	592
Total operating profit	2	3,480	(266)	3,214	2,142
Profit on disposal of fixed assets	7	–	402	402	489
Costs of fundamental reorganisations	7	–	(79)	(79)	(79)
Profit on ordinary activities before interest	3	3,480	57	3,537	2,552
Investment income	8	1,057	–	1,057	869
Interest payable	9	(749)	–	(749)	(604)
Profit on ordinary activities before taxation		3,788	57	3,845	2,817
Tax on profit on ordinary activities	10	(1,005)	–	(1,005)	(481)
Profit on ordinary activities after taxation		2,783	57	2,840	2,336
Equity minority interests	3	(917)	34	(883)	(784)
Profit for the financial year	3	1,866	91	1,957	1,552
Equity dividends to shareholders – paid and proposed	11	(742)	–	(742)	(585)
Retained profit for the financial year		1,124	91	1,215	967
Headline profit for the financial year	12			2,000	1,308
Basic earnings per share (US$):					
Profit for the financial year	12			5.01	4.03
Headline profit for the financial year	12			5.12	3.40
Diluted earnings per share (US$):					
Profit for the financial year	12			4.93	3.98
Headline profit for the financial year	12			5.04	3.35
Dividend per share (US cents)				190	150
Basic number of shares outstanding (million)	12			391	385
Diluted number of shares outstanding (million)	12			397	390

Consolidated balance sheet
as at 31 December 2000

US$ million	Note	2000	1999
Fixed assets			
Intangible assets	13	2,462	1,585
Tangible assets	14	11,819	9,512
Investments in joint ventures:	15	1,483	1,564
Share of gross assets		2,891	3,394
Share of gross liabilities		(1,408)	(1,830)
Investments in associates	15	4,856	5,338
Other financial assets	15	1,621	1,489
		22,241	19,488
Current assets			
Stocks	17	1,748	1,431
Debtors	18	3,222	2,060
Current asset investments	19	2,344	2,315
Cash at bank and in hand		1,061	1,303
		8,375	7,109
Short term borrowings	21	(3,398)	(999)
Other current liabilities	20	(4,027)	(2,611)
Net current assets		950	3,499
Total assets less current liabilities		23,191	22,987
Long term liabilities	21	(3,597)	(2,538)
Provisions for liabilities and charges	23	(1,404)	(1,324)
Equity minority interests		(2,646)	(2,951)
Net assets		15,544	16,174
Capital and reserves			
Called-up share capital	24	204	204
Share premium account	25	1,815	1,815
Merger reserve	25	2,424	2,424
Other reserves	25	927	1,047
Profit and loss account	25	10,174	10,684
Total shareholders' funds (all equity)		15,544	16,174

The financial statements were approved by the board of directors on 13 March 2001.

J Ogilvie Thompson
Chairman

A J Trahar
Chief executive

A W Lea
Finance director

Consolidated cash flow statement
for the year ended 31 December 2000

US$ million	Note	2000	1999
Net cash inflow from operating activities	26	2,959	1,850
Expenditure relating to fundamental reorganisations		(44)	(46)
Dividends from joint ventures and associates		258	209
Returns on investments and servicing of finance			
Interest received and other financial income		348	388
Interest paid		(501)	(402)
Dividends received from fixed asset investments		68	50
Dividends paid to minority shareholders		(357)	(380)
Net cash outflow from returns on investments and servicing of finance		(442)	(344)
Taxation			
UK corporation tax		(25)	(10)
Overseas tax		(304)	(263)
Taxes paid		(329)	(273)
Capital expenditure and financial investment			
Payments for fixed assets		(1,511)	(1,251)
Proceeds from the sale of fixed assets		177	84
Payments for other financial assets[1]		(104)	(45)
Proceeds from the sale of other financial assets[1]		535	534
Net cash outflow for capital expenditure and financial investment		(903)	(678)
Acquisitions and disposals			
Acquisition of subsidiaries[2]	28	(2,705)	(889)
Disposal of subsidiaries	29	226	103
Investment in associates		(257)	(429)
Sale of interests in associates		517	592
Investment in proportionally consolidated joint arrangements		(42)	–
Investment in joint ventures		(367)	–
Net cash outflow from acquisitions and disposals		(2,628)	(623)
Equity dividends paid to Anglo American shareholders		(657)	(276)
Cash outflow before use of liquid resources and financing		(1,786)	(181)
Management of liquid resources[3]		(358)	912
Financing	26	1,935	(403)
(Decrease)/increase in cash in the year		(209)	328

(1) Disposal and acquisition of other financial assets included in fixed assets.

(2) Net of assets resold of US$709 million in respect of the acquisition of Tarmac plc.

(3) Cash flows in respect of current asset investments.

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2000

US$ million	Note	2000	1999
Profit for the financial year	3	1,957	1,552
Joint ventures		43	135
Associates		538	565
Currency translation differences on foreign currency net investments		(1,725)	(549)
Net asset value movements in associates		(120)	–
Total recognised gains for the financial year		112	1,003

Notes to financial statements

1 Accounting policies

Basis of preparation

The financial statements have been prepared according to the historical cost convention, and in accordance with accounting standards applicable in the United Kingdom.

During the year the Group adopted FRS 16, "Current Tax", and FRS 18, "Accounting Policies". Neither standard has had a material impact on the financial statements.

Basis of consolidation

The consolidated ½nancial statements incorporate the ½nancial statements of the Company and all its subsidiaries.

Acquisitions and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any difference between the purchase price and the fair value of the attributable net assets is recognised as goodwill. Goodwill is amortised over its estimated useful life up to a maximum of 20 years. Goodwill in respect of subsidiaries is included within intangible ½xed assets. Goodwill relating to joint ventures and associates is included within the carrying value of the joint venture or associate. The unamortised balance is reviewed on a regular basis and, if an impairment in value has occurred, it is written off in the period in which the circumstances are identified.

Negative goodwill is created where the attributed fair value of the net tangible assets acquired exceeds the fair value of the consideration paid, and is recognised in the periods it is expected to bene½t.

Joint ventures

A joint venture is an entity in which the Group holds a long term interest and which is jointly controlled by the Group and one or more other venturers under a contractual arrangement. The Group's share of the results of joint ventures is accounted for using the gross equity method of accounting.

Associates

The equity method of accounting is used for investments over which the Group exercises signi½cant influence and normally owns between 20% and 50% of the voting equity.

Results of associates are equity accounted from their most recent audited ½nancial statements or unaudited interim statements. Any losses of associates are accounted for in the consolidated ½nancial statements until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter, losses are accounted for only insofar as the Group is committed to providing ½nancial support to such associates.

The carrying values of investments in associates represent the cost of each investment including unamortised goodwill, the share of post-acquisition retained earnings and any other movements in reserves. The carrying value of associates is reviewed on a regular basis and if an impairment in value has occurred, it is written off in the period in which those circumstances are identified.

When an investment is held in an associate which in turn holds an investment in the Group as its associate, the carrying value is adjusted for the impact of the progressive additions to equity accounted income arising from the effect of the cross-holding.

Joint arrangements

The Group has contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade of its own. The Group includes its share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro rata to the Group's interest in the joint arrangement.

Other financial assets

Investments, other than investments in joint ventures and associates, are included at cost less provision for any impairment in value.

Fixed assets

Mining assets are included at cost less accumulated amortisation. Buildings, plant and equipment are reflected at cost less accumulated depreciation.

Interest on borrowings relating to the ½nancing of major capital projects under construction is charged during the construction phase as part of the cost of the project. Where funds have been borrowed speci½cally to ½nance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to ½nance a project form part of the Group's general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to general borrowings of the Group during the period.

Mining assets include the cost of acquiring and developing mining properties, mineral rights and investments in and loans to companies holding mineral rights. Mining properties are amortised using the unit-of-production method based on proven and probable reserves. Amortisation is charged on new mining ventures from the date when the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write-down is charged against pro½ts. Amounts written off mineral rights are included in exploration expenditure.

Notes to financial statements

1 Accounting policies continued

Land and properties in the course of construction are not depreciated. Buildings, plant and equipment are depreciated at varying rates, on the straight-line basis over their estimated useful lives. Estimated useful lives normally vary up to 20 years for items of plant and equipment and up to a maximum of 50 years for buildings.

If the recoverable amount of any of the above assets is less than the carrying value, a provision is made for the impairment in value.

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure is capitalised. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value. The production cost of stocks includes an appropriate proportion of depreciation and overheads. Cost is determined on the following bases:

> raw materials and consumables are valued at cost on a ½rst-in, ½rst-out (FIFO) basis;

> metal, coal and coke stocks are valued at average cost;

> finished products are valued at raw material cost, labour cost, and a proportion of manufacturing overhead expenses.

Current asset investments

Current asset investments consist mainly of bank term deposits, ½xed and floating rate debt securities and equity securities. Debt securities that are intended to be held to maturity are recorded on the amortised cost basis. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value. Equity securities are recorded at the lower of cost and market value.

Pensions and post-retirement benefits

The expected costs of providing post-retirement bene½ts under de½ned bene½t arrangements are charged against pro½ts to spread the expected costs over the service lives of employees entitled to those bene½ts. Costs are assessed in accordance with the advice of quali½ed actuaries using the projected unit credit method. Experience adjustments and prior service costs resulting from plan amendments are amortised over the expected average remaining service lives of relevant current employees. The difference between pension cost and funding is treated as a provision or prepayment.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or quarry. Costs arising from the installation of plant and other site preparation work, discounted to its net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Revenue recognition

Turnover represents the net invoice value of goods and services provided to third parties after deducting sales and value added taxes. Dividends are recognised from the last day of registration in respect of the dividend declared.

Deferred taxation

Deferred taxation is provided on all timing differences, arising from the different treatment of items for accounting and taxation purposes that are expected to reverse in the future, to the extent that a liability or asset is expected to crystallise in the foreseeable future. The deferred taxation provision is calculated at the rates at which it is expected that tax will arise.

Leases

Rental costs under operating leases are charged to pro½t and loss in equal annual amounts over the lease term.

Notes to financial statements

1 Accounting policies continued

Foreign currency translation

The pro½t and loss account of foreign subsidiaries, joint ventures and associates as well as the cash flow statements of foreign subsidiaries are translated at weighted average rates of exchange, other than material exceptional items which are translated at the rates on the dates of the transactions. Assets and liabilities are translated at exchange rates prevailing at the balance sheet date.

Exchange differences on the translation of the net assets of subsidiaries less offsetting exchange differences on foreign currency loans ½nancing these assets, are dealt with as a movement of reserves and in the consolidated statement of total recognised gains and losses.

All other exchange gains or losses on settlement of foreign currency transactions translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at year end exchange rates, are recorded in the pro½t and loss account.

Hedging transactions

In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Group enters into forward, option and swap contracts. Gains and losses on these contracts are recognised in the period to which the gains and losses of the underlying transactions relate. Net income or expense associated with interest rate swap agreements is recognised on the accrual basis over the life of the swap agreements as a component of interest. Where commodity option contracts hedge anticipated future production or purchases, the Group amortises the option premiums paid over the life of the option and recognises any realised gains and losses on exercise in the period in which the hedged production is sold or commodity purchases are made.

Government grants

Grants in connection with ½xed assets are released to trading pro½ts over the expected useful life of the particular asset to which the grant relates. Grants relating to revenue expenditure are credited to revenue as they become receivable.

Reporting currency

As permitted by UK company law, the Group reports in US dollars, the currency in which most of its business is conducted.

Notes to financial statements

2 Segmental information

	Turnover		Operating profit				Net operating assets[(1)]	
US$ million	2000	1999	Before exceptional items 2000	Exceptional items (note 7) 2000	2000	1999	2000	1999
By business segment								
Group subsidiaries								
Gold	2,082	2,102	353	(29)	324	404	2,667	2,990
Platinum	2,318	1,428	1,314	–	1,314	480	1,327	1,519
Diamonds	–	–	(6)	–	(6)	(7)	101	131
Coal	889	731	170	–	170	121	1,580	708
Base metals	1,015	740	45	(4)	41	49	2,102	1,606
Industrial minerals	2,310	988	138	–	138	116	3,196	1,184
Ferrous metals	796	839	55	–	55	40	390	470
Forest products	2,529	1,307	327	–	327	149	3,054	1,348
Industries	2,885	3,443	225	–	225	222	1,317	2,137
Financial services	–	–	4	–	4	19	–	–
Exploration	–	–	(116)	–	(116)	(138)	–	–
Corporate activities	–	–	(141)	–	(141)	(150)	406	441
	14,824	11,578	2,368	(33)	2,335	1,305	16,140	12,534
Joint ventures								
Gold	129	108	53	–	53	44		
Coal	20	43	2	–	2	5		
Base metals	398	307	112	(123)	(11)	95		
Industrial minerals	65	20	11	–	11	2		
Ferrous metals	205	149	8	–	8	(12)		
Forest products	773	1,093	96	–	96	111		
	1,590	1,720	282	(123)	159	245		
Associates								
Gold	–	25	4	–	4	4		
Platinum	50	–	22	–	22	–		
Diamonds	2,034	1,809	497	–	497	252		
Coal	58	13	(3)	–	(3)	(12)		
Base metals	90	116	39	(110)	(71)	30		
Industrial minerals	19	–	1	–	1	–		
Ferrous metals	509	469	64	–	64	47		
Forest products	86	64	35	–	35	12		
Industries	1,310	3,451	47	–	47	136		
Financial services	–	–	124	–	124	119		
Corporate activities	–	–	–	–	–	4		
	4,156	5,947	830	(110)	720	592		
	20,570	19,245	3,480	(266)	3,214	2,142		

[(1)] Net operating assets consist of tangible and intangible assets (excluding investments in joint ventures and associates), stocks and debtors less non-interest bearing current liabilities. See note 35 for the reconciliation of net operating assets to net assets.

Notes to financial statements

2 Segmental information continued

	Turnover		Operating profit				Net operating assets[1]	
US$ million	2000	1999	Before exceptional items 2000	Exceptional items (note 7) 2000	2000	1999	2000	1999
By geographical segment (by origin)								
Group subsidiaries								
South Africa	8,512	8,258	2,127	(26)	2,101	1,173	6,062	8,039
Rest of Africa	390	259	(41)	–	(41)	(30)	433	150
Europe	3,953	1,442	194	–	194	50	5,989	1,864
North America	695	708	(28)	–	(28)	7	727	502
South America	693	614	105	(4)	101	114	1,392	1,431
Australia and Asia	581	297	11	(3)	8	(9)	1,537	548
Joint ventures								
South Africa	242	192	19	–	19	(7)		
Rest of Africa	86	64	41	–	41	35		
Europe	851	1,113	80	(81)	(1)	113		
South America	408	351	141	(42)	99	104		
Australia and Asia	3	–	1	–	1	–		
Associates								
South Africa	1,169	3,108	300	–	300	388		
Rest of Africa	1,253	1,075	315	–	315	163		
Europe	141	123	36	(19)	17	13		
North America	425	797	28	–	28	9		
South America	152	88	36	(9)	27	2		
Australia and Asia	1,016	756	115	(82)	33	17		
	20,570	19,245	3,480	(266)	3,214	2,142	16,140	12,534
By geographical segment (by destination)								
Group subsidiaries								
South Africa	3,619	5,522						
Rest of Africa	375	462						
Europe	6,665	2,632						
North America	1,648	1,441						
South America	411	497						
Australia and Asia	2,106	1,024						
Joint ventures								
South Africa	83	87						
Rest of Africa	25	86						
Europe	1,109	1,176						
North America	169	111						
South America	35	75						
Australia and Asia	169	185						
Associates								
South Africa	569	1,906						
Rest of Africa	37	52						
Europe	683	562						
North America	1,702	1,871						
South America	119	51						
Australia and Asia	1,046	1,505						
	20,570	19,245						

(1) Net operating assets consist of tangible and intangible assets (excluding investments in joint ventures and associates), stocks and debtors less non-interest bearing current liabilities. See note 35 for the reconciliation of net operating assets to net assets.

3 Profit for the financial year

The table below analyses the contribution of each division to the Group's headline profit.

US$ million	Profit before interest 2000	Net investment income	Tax	Equity minority interests	Profit for the financial year 2000
By business segment					
Gold	437	(15)	(69)	(152)	201
Platinum	1,353	38	(394)	(497)	500
Diamonds	497	30	(200)	(6)	321
Coal	175	27	(64)	–	138
Base metals	193	(45)	(25)	9	132
Industrial minerals	194	(5)	(16)	(14)	159
Ferrous metals	127	(15)	(19)	(7)	86
Forest products	477	(46)	(78)	(45)	308
Industries	279	(15)	(36)	(129)	99
Financial services	128	9	(30)	(7)	100
De Beers investments[1]	–	428	(120)	(105)	203
Exploration (see note 5)	(116)	–	–	24	(92)
Corporate activities	(118)	(83)	46	–	(155)
Headline profit for the financial year (see note 12)	3,626	308	(1,005)	(929)	2,000
Headline profit adjustment (see note 12)	(89)	–	–	46	(43)
Profit for the financial year	3,537	308	(1,005)	(883)	1,957

US$ million	Profit before interest 1999	Net investment income	Tax	Equity minority interests	Profit for the financial year 1999
By business segment					
Gold	469	38	(90)	(207)	210
Platinum	495	20	(97)	(218)	200
Diamonds	252	–	(77)	(13)	162
Coal	122	3	(46)	–	79
Base metals	175	(64)	(6)	(8)	97
Industrial minerals	131	7	(15)	(7)	116
Ferrous metals	80	(14)	3	(2)	67
Forest products	275	(47)	(21)	(8)	199
Industries	367	(39)	(78)	(168)	82
Financial services	131	21	(35)	(5)	112
De Beers investments[1]	–	296	(61)	(84)	151
Exploration (see note 5)	(138)	2	–	24	(112)
Corporate activities	(121)	42	24	–	(55)
Headline profit for the financial year (see note 12)	2,238	265	(499)	(696)	1,308
Headline profit adjustment (see note 12)	314	–	18	(88)	244
Profit for the financial year	2,552	265	(481)	(784)	1,552

[1] Represents De Beers' share of Anglo American plc earnings for the 12 months to 31 December.

4 Group operating profit

US$ million	Continuing operations	Acquisitions	2000	1999
Group turnover	11,900	2,924	14,824	11,578
Cost of sales[1]	(7,922)	(2,294)	(10,216)	(8,422)
Gross profit	3,978	630	4,608	3,156
Selling and distribution costs	(748)	(277)	(1,025)	(929)
Administrative expenses	(1,164)	(139)	(1,303)	(817)
Other operating income	171	–	171	33
Exploration expenditure (see note 5)	(114)	(2)	(116)	(138)
Group operating profit	2,123	212	2,335	1,305

[1] Includes operating exceptional items of US$33 million in continuing operations.

US$ million	2000	1999
Group operating profit is after charging:		
Depreciation of tangible fixed assets	782	640
Goodwill amortisation	146	96
Rentals under operating leases:		
Hire of plant and machinery	28	50
Other operating leases	19	5
Research and development expenditure	34	34
Auditors' remuneration:		
Audit		
Group	10	11
Other services provided by Group auditors		
United Kingdom	2	3
Overseas	2	9
Exceptional items (see note 2)	33	–

Other services provided in 2000 by Group auditors comprise tax advice and consultancy services.

5 Exploration expenditure

US$ million	2000	1999
By business segment		
Gold	43	48
Platinum	9	3
Base metals	60	85
Other	4	2
	116	138

Notes to financial statements

6 Employee numbers and costs

The average number of employees, excluding joint ventures' and associates' employees was:

Thousands	2000	1999
Gold	83	86
Platinum	42	43
Coal	10	9
Base metals	15	4
Industrial minerals	14	5
Ferrous metals	12	9
Forest products	28	16
Industries	44	55
Corporate activities	1	2
	249	229

The principal locations of employment were:

Thousands	2000	1999
South Africa	191	200
Rest of Africa	15	12
Europe	30	6
North America	4	4
South America	5	5
Australia and Asia	4	2
	249	229

Payroll costs in respect of these employees were:

US$ million	2000	1999
Wages and salaries	2,737	2,730
Social security costs	143	102
Post retirement healthcare costs	19	16
Defined contribution pension plan costs	114	107
Defined benefit pension plan costs	54	44
	3,067	2,999

Details of directors' emoluments, pension entitlements and share options form part of these financial statements and are set out in the Remuneration report on pages 11 to 17.

Notes to financial statements

7 Exceptional items

Operating exceptional items

US$ million	2000	1999
Gold		
Impairment provision in respect of Ergo and other gold assets	(29)	–
Base metals		
Impairment provision in respect of Lisheen zinc/lead mine in Ireland	(100)	–
Impairment provision in respect of Anaconda nickel project in Australia	(82)	–
Total impairment of the investment in Salobo copper/gold project in Brazil	(46)	–
Other impairment provisions	(9)	–
Total operating exceptional items	(266)	–
Minority interests	12	–
	(254)	–

Non-operating exceptional items

US$ million	2000	1999
Partial disposal of interest in Li & Fung Limited	211	–
Disposal of interest in Johnnies Industrial Corporation Limited	191	–
Disposal of LTA Limited	90	–
Sale of mineral rights combined with partial disposal of Northam Platinum Limited	49	–
Partial disposal of interest in Gold Fields Limited	36	53
Anticipated disposal of Terra Industries Inc.	(167)	–
AECI Limited share buy back	(50)	–
Prospective disposal of Elandsrand and Deelkraal gold mines	(36)	–
Disposal of AECI's interest in Polifin Limited	–	181
Disposal of interest in Driefontein Consolidated Limited	–	89
Partial disposal of interest in South African Breweries plc	–	84
Disposal of Terra Industries Inc.'s distribution operations	–	(33)
Disposal of other non-core assets	19	36
Share of associates' exceptional items	59	79
Profit on disposal of fixed assets	402	489
Costs of fundamental reorganisations[1]	(79)	(79)
Total non-operating exceptional items	323	410
Taxation	–	18
Minority interests	22	(98)
	345	330
Total exceptional items (net of tax and minority interests)	91	330

[1] Following the acquisition of Tarmac on 1 March 2000, a fundamental reorganisation of the industrial minerals business was initiated. This included the merger of the Tarmac and existing operations to form five businesses all trading under the Tarmac name. In 1999 AECI was reorganised.

8 Investment income

US$ million	2000	1999
Interest and other financial income	358	345
Share of investment income of joint ventures	30	30
Share of investment income of associates	598	440
Dividend income from other financial assets	71	54
	1,057	869

Notes to financial statements

9 Interest payable

US$ million	2000	1999
Bank loans and overdrafts	402	310
Other loans	101	95
Unwinding of discount on rehabilitation provisions	10	4
Share of interest payable of joint ventures	120	103
Share of interest payable of associates	168	182
	801	694
Capitalised	(52)	(90)
	749	604

10 Tax on profit on ordinary activities

US$ million	2000	1999
United Kingdom corporation tax at 30% (1999: 30.25%)	1	10
South Africa corporation tax at 30% (1999: 30%)	468	237
Other overseas taxation	165	62
Share of joint ventures' taxation	25	18
Share of associates' taxation	376	186
Deferred taxation	(30)	(14)
Tax on exceptional items	–	(18)
	1,005	481

11 Dividends

US$ million	2000	1999
Interim paid – 60 US cents per ordinary share (1999: 42 US cents)	234	164
Final proposed – 130 US cents per ordinary share (1999: 108 US cents)	508	421
	742	585

Notes to financial statements

12 Earnings per share

	2000	1999
Weighted average number of ordinary shares in issue (million)	391	385
Ordinary shares issuable under employee share schemes (million)	6	5
Adjusted weighted average number of ordinary shares in issue (million)	397	390
Profit for the financial year:		
Basic earnings per share (US$)	5.01	4.03
Diluted earnings per share (US$)	4.93	3.98
Headline profit for the financial year:		
Basic earnings per share (US$)	5.12	3.40
Diluted earnings per share (US$)	5.04	3.35

Basic earnings per share is calculated by dividing the pro½t for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. The average number of shares in issue excludes the shares held by the employee benefit trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The only category of dilutive potential ordinary shares is share options granted where the exercise price is less than the average price of the Company's ordinary shares during the year.

Basic and dilutive earnings per share are also shown based on headline profit, which the directors believe to be a useful additional measure of the Group's past performance. Headline earnings per share is calculated in accordance with the de½nition in the Institute of Investment Management and Research ("IIMR") Statement of Investment Practice No. 1, "The De½nition of IIMR Headline Earnings".

	2000		1999	
US$ million (unless otherwise stated)	Earnings	Basic earnings per share US$	Earnings	Basic earnings per share US$
Profit for the financial year	1,957	5.01	1,552	4.03
Operating exceptional items	266	0.68	–	–
Non-operating exceptional items	(323)	(0.83)	(410)	(1.06)
Amortisation of goodwill	146	0.37	96	0.25
Related tax and minority interests	(46)	(0.11)	70	0.18
Headline profit for the financial year	2,000	5.12	1,308	3.40

Notes to financial statements

13 Intangible fixed assets

US$ million	Goodwill
Cost	
At 1 January 2000	1,779
Acquisition of subsidiaries	924
Disposal of subsidiaries	(135)
Reclassification from tangible fixed assets[1]	243
Currency movements	(43)
At 31 December 2000	2,768
Accumulated amortisation	
At 1 January 2000	(194)
Charge for the year	(146)
Disposal of subsidiaries	16
Currency movements	18
At 31 December 2000	(306)
Net book value	
At 31 December 2000	2,462
At 31 December 1999	1,585

[1] Includes the final determination of fair value for acquired gold assets in Acacia Resources (see note 28).

14 Tangible fixed assets

US$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other	Total
Cost					
At 1 January 2000	7,356	994	5,123	1,233	14,706
Additions	412	56	346	697	1,511
Acquisition of subsidiaries	1,421	556	1,876	148	4,001
Acquisition of proportionally consolidated joint arrangements	28	2	20	3	53
Disposal of subsidiaries	(25)	(183)	(780)	(13)	(1,001)
Disposal of tangible fixed assets	(94)	(73)	(260)	(96)	(523)
Reclassifications	(1,113)	116	1,005	(251)	(243)
Currency movements	(864)	(176)	(887)	(66)	(1,993)
At 31 December 2000	7,121	1,292	6,443	1,655	16,511
Accumulated depreciation					
At 1 January 2000	(2,202)	(238)	(2,649)	(105)	(5,194)
Charge for the year	(319)	(39)	(422)	(2)	(782)
Disposal of subsidiaries	9	49	439	–	497
Disposal of tangible fixed assets	12	32	182	15	241
Impairments	(67)	–	–	–	(67)
Reclassifications	(33)	(1)	147	(113)	–
Currency movements	340	41	218	14	613
At 31 December 2000	(2,260)	(156)	(2,085)	(191)	(4,692)
Net book value					
At 31 December 2000	4,861	1,136	4,358	1,464	11,819
At 31 December 1999	5,154	756	2,474	1,128	9,512

Notes to financial statements

The net book value of land and buildings comprises:

US$ million	2000	1999
Freehold	1,093	736
Leasehold – long	32	19
Leasehold – short	11	1
	1,136	756

Included in the cost above is US$52 million of interest (1999: US$90 million) which has been capitalised during the year.

Included in tangible fixed assets are properties in the course of construction and land and buildings amounting to US$966 million (1999: US$841 million) which are not depreciated.

Other tangible fixed assets include properties in the course of construction and afforestation.

A nominal discount rate of around 12%, when grossed up for tax, was used in determining the impairments.

15 Fixed asset investments

	Interest in joint ventures	Interest in associates[1]		Other financial assets[2]			
US$ million	Equity	Loans	Equity	Loans	Equity	Own shares	Total
Cost							
At 1 January 2000	1,564	320	5,159	157	783	855	8,838
Group's share of profits less losses	166	–	815	–	–	–	981
Additions	337	–	206	–	45	–	588
Disposals	–	–	(268)	–	(211)	(61)	(540)
Acquisition of subsidiaries	28	–	–	49	153	–	230
Disposal of subsidiaries	(4)	(7)	(24)	(11)	(24)	–	(70)
Transfer (to)/from investment in subsidiaries	(365)	–	–	–	48	–	(317)
Reclassifications	–	–	(143)	30	42	–	(71)
Net asset value movements	–	–	(120)	–	–	–	(120)
Advances/(repayments)	(8)	51	–	20	–	–	63
Currency movements	(112)	(47)	(673)	(4)	(64)	–	(900)
At 31 December 2000	1,606	317	4,952	241	772	794	8,682
Provisions for impairment							
At 1 January 2000	–	(31)	(110)	(36)	(144)	(126)	(447)
(Charge)/utilisation for the year	(123)	–	(277)	–	–	34	(366)
Reclassifications	–	–	–	–	71	–	71
Currency movements	–	2	3	6	9	–	20
At 31 December 2000	(123)	(29)	(384)	(30)	(64)	(92)	(722)
Net book value							
At 31 December 2000	1,483	288	4,568	211	708	702	7,960
At 31 December 1999	1,564	289	5,049	121	639	729	8,391

(1) Interest in associates at 31 December 2000 includes US$112 million of goodwill (1999: US$200 million).

(2) The market value of listed investments in other financial assets exceeded the carrying value at 31 December 2000 by US$103 million (1999: US$275 million).

Notes to financial statements

16 Joint ventures and associates

	2000			1999		
US$ million	Joint ventures	Associates	Total	Joint ventures	Associates	Total
Turnover	1,590	4,156	5,746	1,720	5,947	7,667
Fixed assets	2,482	4,805	7,287	2,537	3,780	6,317
Current assets	409	6,074	6,483	857	10,152	11,009
Liabilities due within one year	(422)	(4,646)	(5,068)	(475)	(5,768)	(6,243)
Liabilities due after more than one year	(986)	(1,489)	(2,475)	(1,355)	(3,026)	(4,381)

17 Stocks

US$ million	2000	1999
Raw materials and consumables	667	551
Work-in-progress	328	251
Finished products	753	629
	1,748	1,431

18 Debtors

	2000			1999		
US$ million	Under one year	After one year	Total	Under one year	After one year	Total
Trade debtors	2,242	13	2,255	1,429	2	1,431
Amounts owed by joint ventures	9	43	52	67	–	67
Other debtors	636	3	639	345	121	466
Prepayments and accrued income	87	189[1]	276	88	8	96
	2,974	248	3,222	1,929	131	2,060

[1] Includes US$178 million in relation to prepaid pension contributions.

19 Current asset investments

	2000		1999	
US$ million	Market value	Group carrying value	Market value	Group carrying value
Bank term deposits	995	995	1,085	1,085
Quoted fixed and floating rate debt securities	989	979	1,189	1,180
Unquoted fixed and floating rate debt securities	370	370	18	18
Quoted equity securities	–	–	34	32
	2,354	2,344	2,326	2,315

The comparative balances above have been reclassified to achieve consistency with the current year. Total current asset investments reported for 1999 remain unchanged.

20 Other current liabilities

US$ million	2000	1999
Trade creditors	1,745	981
Taxation and social security	523	247
Other creditors	978	735
Accruals and deferred income	273	227
Proposed dividend (see note 11)	508	421
	4,027	2,611

21 Long term liabilities

US$ million	2000	1999
Bank loans	3,375	2,070
Other loans	190	386
Amounts owed to associates	5	16
Other creditors	27	66
	3,597	2,538

Group financial liabilities (consisting of short term borrowings and long term liabilities – see note 22) have the following maturity profile:

US$ million	Within 1 year or on demand	Between 1-2 years	Between 2-5 years	After 5 years	Total
At 31 December 2000					
Bank loans and overdrafts	3,364	1,712	708	955	6,739
Other financial liabilities	34	138	52	32	256
Total at 31 December 2000	3,398	1,850	760	987	6,995
At 31 December 1999					
Bank loans and overdrafts	921	363	1,260	833	3,377
Other financial liabilities	78	26	33	23	160
Total at 31 December 1999	999	389	1,293	856	3,537

At 31 December 2000, loans of US$478 million (1999: US$276 million) and US$455 million (1999: US$574 million) due within and after more than one year respectively were secured on the assets of the Group.

Loans repayable after more than five years bear interest at rates which are either fixed or fluctuate in line with market rates. At 31 December 2000, the rates of interest charged on the majority of these loans ranged from 7% to 15%.

Loans repayable after more than five years included in the above table as at 31 December 2000 include amounts of US$583 million payable by instalments. The aggregate amount of loans, any instalment of which falls due after more than five years, is US$789 million.

22 Derivatives and other financial instruments

Treasury and risk management

A discussion of the objectives, policies and strategies of Group Treasury and Risk Management is given in the Financial review on page 6.

Summary of the use of derivative instruments by the Group

The Group utilises derivative and equity instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. These derivative instruments involve credit and market risk. The Group controls credit risk by entering into derivative contracts only with counterparties who are rated A1/P1, AA or better by external rating agencies, or who have received specific internal corporate credit approval. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported on to senior management. Market risk is the possibility that future changes in foreign currency exchange rates, interest rates and commodity prices may make a derivative instrument more or less valuable. Since the Group utilises derivative instruments for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged.

Foreign exchange risk

The Group uses forward exchange contracts, currency swaps and option contracts to limit the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The Group also uses these instruments to hedge future transactions and cash flows.
As at 31 December 2000 the net amount of unrecognised hedging losses on all foreign exchange risk-related instruments, which had been deferred to a period in respect of which an exposure has been hedged, was US$44 million (1999: US$9 million). Any ultimate gain or loss resulting from these contracts will be recognised when the instruments expire.

Interest rate risk

The Group uses interest rate swap and option contracts to manage its exposure to interest rate movements on a portion of its existing debt and short term investments. The effect of these derivatives is reflected, as appropriate, in interest expense or interest income.
As at 31 December 2000 the net amount of unrecognised hedging gains on all interest rate risk related instruments, which had been deferred to a period in respect of which an exposure has been hedged, was US$20 million (1999: US$21 million).

Commodity price risk

The Group uses forward, spot deferred and option contracts to hedge the price risk of certain commodities that it produces, including gold and copper, and in respect of heating oil purchases. Gains or losses resulting from these activities are recognised concurrently with gains and losses associated with underlying transactions. The majority of the deferred gains or losses are unrecognised and the ultimate amount of gains or losses to be realised will depend on commodity price movements until the end of the hedged contracts concerned.

The net forward position of AngloGold was 17.8 million ounces priced forward at 31 December 2000, covering periods up to December 2010, with a marked to market value of US$184 million at 31 December 2000. The value was based on a gold price of US$272.80 per ounce, exchange rates of US$/ZAR7.57 and US$/AU$1.79 and the prevailing market interest rates and volatilities at the time.
As at 30 January 2001, the marked to market value of the hedge book was US$293 million, based on a gold price of US$263.35 per ounce, exchange rates of US$/ZAR7.90 and US$/AU$1.84 and the prevailing market interest rates and volatilities at the time. Other companies undertake gold hedging which is not material to the Group.

Concentration of credit risk

The Group is exposed to credit risk in respect of current asset investments, debtors and derivative financial instruments. Given the geographical and business diversity of the Group's debtors, the concentration of credit risk is limited. In respect of current asset investments and derivative financial instruments, procedures and policies are in place to limit the amount of credit exposure to any one counterparty.
The maximum credit risk exposure is limited to fair value (see note 22(b) below).

Numerical disclosures

The disclosure of financial assets and financial liabilities which follows excludes debtors and other current liabilities, as permitted under FRS 13.

Notes to financial statements

22(a) Interest rate and currency profile

The following interest rate and currency profiles of the Group's financial liabilities and assets are after taking into account interest rate swaps entered into by the Group:

Financial liabilities

US$ million Currency	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities	Fixed rate financial liabilities: Weighted average interest rate %	Fixed rate financial liabilities: Weighted average period for which the rate is fixed Years	Non-interest bearing financial liabilities: Weighted average period until maturity Years
At 31 December 2000							
US$	3,173	3,107	66	–	7.8	7.9	–
SA rand	872	635	227	10	14.5	3.8	0.5
Sterling	1,452	1,452	–	–	–	–	–
Euro	1,075	995	69	11	4.5	1.3	1.0
Other currencies	423	348	58	17	6.2	5.5	5.0
Gross financial liabilities	6,995	6,537	420	38	10.7	4.3	2.7
At 31 December 1999							
US$	1,627	1,374	227	26	5.9	3.1	3.1
SA rand	1,335	948	368	19	14.0	2.4	0.2
Sterling	274	259	1	14	8.0	4.0	13.1
Euro	167	46	112	9	4.9	1.2	5.6
Other currencies	134	100	33	1	5.6	11.1	3.1
Gross financial liabilities	3,537	2,727	741	69	9.8	2.8	4.6

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

Financial assets

US$ million Currency	Total	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets: Equity investments	Non-interest bearing assets: Other non-interest bearing financial assets	Fixed rate financial assets: Weighted average interest rate %	Fixed rate financial assets: Weighted average period for which the rate is fixed Years
At 31 December 2000							
US$	2,353	1,874	248	230	1	6.9	2.9
SA rand	1,283	825	94	349	15	14.8	3.5
Sterling	181	165	15	1	–	8.6	4.5
Euro	363	250	15	98	–	5.2	3.5
Other currencies	144	102	12	30	–	7.2	2.2
Gross financial assets	4,324	3,216	384	708	16	8.8	3.1
At 31 December 1999							
US$	2,295	1,776	401	118	–	6.6	3.3
SA rand	1,720	1,097	112	511	–	14.2	3.8
Sterling	165	152	12	1	–	6.9	0.1
Euro	54	20	8	26	–	4.4	3.4
Other currencies	144	88	40	15	1	8.3	5.2
Gross financial assets	4,378	3,133	573	671	1	8.2	3.5

Floating rate financial assets consist mainly of cash, bank term deposits and quoted debt securities. Interest on floating rate assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of quoted debt securities. Equity investments are fully liquid and have no maturity period.

Notes to financial statements

22(b) Fair value of financial assets and liabilities

The estimated fair value of financial instruments at 31 December, where different from carrying value, is shown in the following tables:

Primary financial instruments held or issued to finance the Group's operations

US$ million	2000 Estimated fair value	2000 Carrying value	1999 Estimated fair value	1999 Carrying value
Cash at bank and in hand	1,061	1,061	1,303	1,303
Current asset investments	2,354	2,344	2,326	2,315
Long term investments (excluding own shares)	1,022	919	766	760
Gross financial assets	4,437	4,324	4,395	4,378
Short term borrowings	3,398	3,398	999	999
Long term borrowings	3,644	3,565	2,535	2,456
Other financial liabilities	32	32	82	82
Gross financial liabilities	7,074	6,995	3,616	3,537

Derivative investments

US$ million	2000 Estimated fair value asset	2000 Estimated fair value liability	2000 Carrying value	1999 Estimated fair value asset	1999 Estimated fair value liability	1999 Carrying value
Foreign exchange risk	134	177	1	15	32	(8)
Interest rate risk	36	10	6	29	5	3
Commodity price risk:						
Gold	216	–	–	220	–	–
Copper	–	–	–	–	1	–
Other	3	–	–	1	–	–
	389	187	7	265	38	(5)

The following methods were used to estimate the fair value of the financial assets and liabilities:

Long term investments – fair value represents the market value of quoted investments and directors' valuation of other investments;

Current asset investments – fair value is based on market prices for quoted short term investments. For non-quoted investments fair value is based on market prices of similar investments;

Long term debt – fair value is determined by reference to quoted market prices for similar issues, where applicable, otherwise carrying value is used as an approximation to fair value;

Derivative instruments – fair value is determined by reference to market prices where available, otherwise pricing or valuation models are applied to current market information to estimate their value.

22(c) Undrawn borrowing facilities

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

US$ million	2000	1999
Expiry date:		
In one year or less	2,116	1,658
In more than one year but not more than two years	94	1,456
In more than two years	836	1,022
	3,046	4,136

Notes to financial statements

22(d) Hedging

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on instruments used for hedging at 31 December 2000 are as follows:

Unrecognised gains and losses on hedges at 31 December 2000

US$ million		Gains	Losses	Total net gains
Unrecognised gains and losses on hedges at 1 January 2000		246	(14)	232
Less: Gains and losses arising in previous years that were recognised in 2000	(141)	6	(135)	
Add: Gains and losses arising in 2000 that were not recognised during the year	210	(65)	145	
Currency movements		(52)	5	(47)
Unrecognised gains and losses on hedges at 31 December 2000		263	(68)	195
Of which:				
Gains and losses expected to be recognised during the year 2001		130	(52)	78
Gains and losses expected to be recognised during the years 2002 and following	133	(16)	117	

22(e) Currency profile

The main functional currencies of the Group include the US dollar, South African rand, sterling and the Euro. Other currencies analysed below include the Australian dollar and the Canadian dollar. The following analysis of net monetary assets and liabilities shows the Group's currency exposures after the effects of forward contracts and other derivatives used to manage currency exposure. The amounts shown represent the transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved, other than certain non-US dollar borrowings treated as hedges of net investments in overseas operations.

Net foreign currency monetary assets/(liabilities)

	Net foreign currency monetary assets/(liabilities)					
US$ million	US$	SA Rand	Sterling	Euro	Other currencies	Total
At 31 December 2000						
Functional currency of Group operations:						
US$	N/A	(10)	39	(39)	(197)	(207)
SA rand	270	N/A	95	18	(10)	373
Sterling	(369)	3	N/A	(28)	15	(379)
Euro	(34)	–	(98)	N/A	(2)	(134)
Other currencies	(257)	–	–	–	N/A	(257)
Total at 31 December 2000	(390)	(7)	36	(49)	(194)	(604)
At 31 December 1999						
Functional currency of Group operations:						
US$	N/A	(26)	107	(25)	45	101
SA rand	(503)	N/A	(13)	(15)	(80)	(611)
Sterling	1	–	N/A	(32)	3	(28)
Euro	(30)	–	(118)	N/A	(1)	(149)
Total at 31 December 1999	(532)	(26)	(24)	(72)	(33)	(687)

23 Provisions for liabilities and charges

US$ million	Post retirement medical funding	Pensions and similar obligations	Deferred taxation	Restoration, rehabilitation and environmental	Other	Total
As at 1 January 2000	490	152	163	380	139	1,324
Subsidiaries acquired/(disposed)	31	27	48	18	225	349
Charged/(credited) to profit and loss	19	54	(30)	(2)	(17)	24
Reclassifications	(63)	122	3	10	(72)	–
Unwinding of discount	–	–	–	10	–	10
Unused amounts reversed during the year	–	(80)	–	(5)	–	(85)
Amounts applied	–	(50)	–	(8)	(7)	(65)
Currency movements	(67)	(22)	(10)	(44)	(10)	(153)
As at 31 December 2000	410	203	174	359	258	1,404

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided		Not provided	
US$ million	2000	1999	2000	1999
Capital allowances in excess of depreciation	223	187	1,353	1,101
Other timing differences	(49)	(24)	(52)	(36)
	174	163	1,301	1,065

The rehabilitation and environmental provision represents the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over a period in excess of 20 years from the balance sheet date.

Other provisions mainly consisted of restructuring and closure provisions held by various entities which are expected to be utilised during 2001.

24 Called-up share capital

	2000		1999	
	Number of shares	US$ million	Number of shares	US$ million
Authorised:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each	600,000,000	300	600,000,000	300
		300		300
Called up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each	407,661,244	204	407,661,244	204
		204		204

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

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

24 Called-up share capital continued

Former AAC Executive Share Incentive Scheme

Options to acquire ordinary shares of 50 US cents were outstanding under the terms of this scheme as follows:

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2000	Options exercised in year[1]	Options lapsed in year	Options outstanding 31 Dec 2000
1990–1997	1 January 1999 to 15 December 2007	15.53	641,700	(181,800)	–	459,900
1998	1 January 2000 to 4 December 2008	17.39	5,424,000	(682,800)	(26,200)	4,715,000
1999	4 January 2001 to 4 January 2009	14.65	176,000	(1,400)	(4,600)	170,000
			6,241,700	(866,000)	(30,800)	5,344,900

The above share option prices have been calculated using a weighted average option price based on the shares outstanding at 31 December 2000 and converted to sterling using an exchange rate of £1.00 = ZAR 11.3148.

Executive Share Option Scheme

Options to acquire ordinary shares of 50 US cents were outstanding under the terms of this scheme as follows:

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2000	Options granted during the year	Options exercised in year[1]	Options lapsed in year	Options outstanding 31 Dec 2000
1999	24 June 2002 to 23 June 2009	27.90	1,696,453	–	(28,000)	(25,000)	1,643,453
1999	19 October 2002 to 18 October 2009	31.99	132,250	–	–	(3,250)	129,000
2000	23 March 2003 to 22 March 2010	30.62	–	1,762,660	(23,500)	(29,250)	1,709,910
2000	26 June 2003 to 25 June 2010	30.65	–	41,277	–	–	41,277
2000	12 September 2003 to 11 September 2010	40.75	–	65,250	–	–	65,250
			1,828,703	1,869,187	(51,500)	(57,500)	3,588,890

SAYE Share Option Scheme

Options to acquire ordinary shares of 50 US cents were outstanding under the terms of this scheme as follows:

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2000	Options granted during the year	Options exercised in year[1]	Options lapsed in year	Options outstanding 31 Dec 2000
1999	1 September 2002 to 28 February 2003	25.51	69,087	–	(317)	(30,482)	38,288
1999	1 September 2004 to 28 February 2005	25.51	126,783	–	(228)	(61,984)	64,571
1999	1 September 2006 to 28 February 2007	25.51	46,868	–	(152)	(28,978)	17,738
2000	1 July 2003 to 31 December 2003	19.38	–	383,071	(276)	(20,435)	362,360
2000	1 July 2005 to 31 December 2005	19.38	–	502,841	(8)	(17,179)	485,654
2000	1 July 2007 to 31 December 2007	19.38	–	156,662	–	(5,484)	151,178
			242,738	1,042,574	(981)	(164,542)	1,119,789

(1) The early exercise of share options is permitted upon the termination of employment, ill-health or death.

Employee benefit trust

The provision of shares to the Company's share option schemes is facilitated by an employee benefit trust. During the year, 918,481 shares have been sold to employees on exercise of their options, and provisional allocations have been made to options already awarded. The shares held by the trust have waived the right to receive dividends.

The market value of the 16.4 million shares held by the trust at 31 December 2000 was US$902 million. At 31 December 1999 the market value of the 17.3 million shares held by the trust was US$1,154 million.

Notes to financial statements

25 Combined statement of movement in shareholders' funds and movement of reserves

US$ million	Issued share capital	Share premium account	Merger reserve	Other reserves	Profit and loss account	Total
Group						
Balance at 1 January 2000	204	1,815	2,424	1,047	10,684	16,174
Profit for the financial year	–	–	–	–	1,957	1,957
Dividends paid and proposed	–	–	–	–	(742)	(742)
Net asset value movements in associates	–	–	–	(120)	–	(120)
Currency translation differences[1]	–	–	–	–	(1,725)	(1,725)
At 31 December 2000	204	1,815	2,424	927	10,174	15,544

(1) Includes a gain of US$65 million in respect of loans hedging foreign currency net investments.

26 Consolidated cash flow statement analysis

a) Reconciliation of group operating profit to net cash inflow from operating activities

US$ million	2000	1999
Group operating profit – subsidiaries	2,335	1,305
Depreciation and amortisation charges	928	736
(Increase)/decrease in stocks	(230)	30
Increase in debtors	(534)	(215)
Increase/(decrease) in creditors	278	(83)
Other items	182	77
Net cash inflow from operating activities	2,959	1,850

b) Financing

US$ million	2000	1999
Increase/(decrease) in short term borrowings	1,920	(254)
Increase/(decrease) in long term borrowings	948	(705)
Repayment of debt acquired	(966)	–
Redemption of minorities	–	(15)
Share issue expenses	–	(71)
Exercise of share options	33	9
Sale of Anglo American plc shares by subsidiaries	–	633
Financing	1,935	(403)

26 Consolidated cash flow statement analysis continued

c) Reconciliation of net cash flow to movement in net (debt)/funds

US$ million	2000	1999
(Decrease)/increase in cash in the year	(209)	328
Cash (inflow)/outflow from debt financing	(1,902)	959
Cash outflow/(inflow) from management of liquid resources	358	(912)
Change in net debt resulting from cash flows	(1,753)	375
Loans and current asset investments acquired with subsidiaries	(2,278)	(149)
Loans and current asset investments disposed with subsidiaries	241	–
Currency translation differences	119	54
Movement in net (debt)/funds	(3,671)	280
Net funds/(debt) at start of year	81	(199)
Net (debt)/funds at end of year	(3,590)	81

27 Movement in net debt

US$ million	1999	Cash flow	Acquisitions excluding cash and overdrafts	Disposals excluding cash and overdrafts	Exchange adjustments	2000
Cash at bank and in hand[1]	1,252	(209)	–	–	(80)	963
Debt due after one year	(2,570)	18	(1,678)	243	390	(3,597)
Debt due within one year	(916)	(1,920)	(622)	134	24	(3,300)
	(3,486)	(1,902)	(2,300)	377	414	(6,897)
Current asset investments	2,315	358	22	(136)	(215)	2,344
Total	81	(1,753)	(2,278)	241	119	(3,590)

[1] Net of bank overdrafts.

Notes to financial statements

28 Acquisition of subsidiaries

The following acquisitions were made during the year to 31 December 2000 and were accounted for under the acquisition method.

Name of company acquired	Percentage acquired	Date of acquisition
Tarmac plc	100	March 2000
Frantschach AG	20	August 2000
Neusiedler AG	51	August 2000
Frantschach Swiecie SA	7	August 2000
Assi Sacks	100	August 2000
SPC Ruzomberok a.s.	50	July 2000
Shell Coal Holdings Limited	100	July 2000
Konkola Copper Mines PLC	65	March 2000
Anglogold Limited	3	piecemeal in 2000
Empresa Minera de Mantos Blancos SA	23	piecemeal in 2000

Analysis of fair value of identifiable net assets of subsidiaries acquired

US$ million	Tarmac	Mondi Europe	Shell Coal	Other acquisitions	2000	1999
Net assets acquired:						
Tangible fixed assets	1,358	1,534	981	128	4,001	1,038
Investments in joint ventures	28	–	–	–	28	–
Other financial assets	35	136	31	–	202	–
Other assets held for resale	709	–	–	–	709	–
Stocks	104	345	23	58	530	91
Debtors	627	623	60	50	1,360	156
Cash at bank and in hand	98	452	–	27	577	–
Current asset investments	–	22	–	–	22	–
Short term borrowings	(40)	(543)	–	(39)	(622)	–
Other current liabilities	(523)	(484)	(79)	–	(1,086)	(283)
Provisions for liabilities and charges	(103)	(132)	(57)	(137)	(429)	(16)
Long term liabilities	(966)	(558)	(154)	–	(1,678)	(132)
Equity minority interests	(113)	(216)	–	147	(182)	115
	1,214	1,179	805	234	3,432	969
Goodwill arising on acquisition	699	135	–	90	924	363
Total cost of acquisition	1,913	1,314	805	324	4,356	1,332
Satisfied by:						
Sale of assets held for resale	709	–	–	–	709	–
Net cash acquired	98	452	–	27	577	–
Transfer from joint ventures to subsidiaries	–	365	–	–	365	–
Shares allotted	–	–	–	–	–	443
Net cash paid	1,106	497	805	297	2,705	889

Further details of the acquisitions of Tarmac and Shell Coal, and the acquisitions by Mondi Europe are given hereafter.

In respect of the acquisition of Acacia Resources in December 1999, certain final fair value adjustments were made during the year to 31 December 2000 (see page 49).

28 Acquisition of subsidiaries continued

Tarmac plc

On 1 March 2000, the Group acquired 100% of Tarmac plc, the building materials and aggregates business, for US$1,106 million which is net of the proceeds received from the sale of assets held for resale of US$709 million and net cash on hand of US$98 million.

The loss after tax and minority interests of Tarmac plc for the period 1 January 2000 to 29 February 2000 was US$18 million. Tarmac plc's profit after tax and minority interests for the year ended 31 December 1999 was US$18 million, excluding the Tarmac US operations.

The assets and liabilities at the date of acquisition are set out in the following table:

US$ million	Book amount	Revaluations	Accounting policy alignments	Fair value
Net assets acquired:				
Tangible fixed assets	1,397	(39)	–	1,358
Investments in joint ventures	28	–	–	28
Other financial assets	35	–	–	35
Other assets held for resale	854	(145)	–	709
Stocks	118	(2)	(12)	104
Debtors	450	177	–	627
Cash at bank and in hand	98	–	–	98
Short term borrowings	(40)	–	–	(40)
Other current liabilities	(524)	1	–	(523)
Provisions for liabilities and charges	(115)	43	(31)	(103)
Long term liabilities	(966)	–	–	(966)
Equity minority interests	(108)	(5)	–	(113)
	1,227	30	(43)	1,214
Goodwill arising on acquisition				699
Total cost of acquisition				1,913

Tarmac plc utilised US$69 million of the Group's cash flow from operating activities, paid US$9 million in respect of net return on investments and servicing of finance, paid US$25 million of tax and utilised US$131 million for investing activities.

The Group incurred US$79 million of costs in reorganising, restructuring and integrating Tarmac into the Group's Industrial minerals division, which has been classified as a non-operating exceptional item.

Note:
Revaluations primarily comprise the revaluation of certain tangible fixed assets, recognition of the Tarmac pension fund surplus, a decrease in the value of assets held for resale to actual disposal proceeds and a reversal of excess provisions. The revaluations may be subject to adjustments in the year ending 31 December 2001.

Accounting policy adjustments reflect the revaluation of stock and an increase in the provision for rehabilitation, restoration and environmental costs in order to achieve consistency with the accounting policies of the Group.

28 Acquisition of subsidiaries continued

Mondi Europe

On 1 August 2000 the Group increased its interest in Frantschach AG from 50% to 70%, simultaneously increasing the Group's effective interest in Frantschach Swiecie SA from 48% to 55%. In addition the Group acquired the remaining 51% interest in Neusiedler AG.

On 1 July 2000 the Group acquired a 50% equity minority interest and controlling interest in SPC Ruzomberok a.s., a Slovakian paper mill.

On 1 August 2000 the Group acquired 100% of Assi Sacks from the Swedish paper group AssiDomän AB.

Up to the date of acquisition, profit after tax and minority interests for Frantschach AG, Neusiedler AG and Frantschach Swiecie SA was US$35 million, US$11 million and US$21 million respectively and, for the year ended 31 December 1999, was US$64 million, US$29 million and US$14 million respectively.

Profit after tax and minority interests for SPC Ruzomberok a.s. for the period 1 January 2000 to 30 June 2000 was US$5 million and, for the year ended 31 December 1999, was US$4 million.

Profit after tax and minority interests for Assi Sacks for the period 1 January 2000 to 31 July 2000 was US$12 million and a loss after tax and minority interests of US$17 million for the year ended 31 December 1999.

The acquired assets and liabilities at the date of acquisition are set out in the following table:

US$ million	Book amount	Accounting policy alignments	Fair value
Net assets acquired:			
Tangible fixed assets	1,525	9	1,534
Other financial assets	136	–	136
Stocks	345	–	345
Debtors	645	(22)	623
Cash at bank and in hand	452	–	452
Current asset investments	22	–	22
Short term borrowings	(543)	–	(543)
Other current liabilities	(484)	–	(484)
Provisions for liabilities and charges	(145)	13	(132)
Long term liabilities	(558)	–	(558)
Equity minority interests	(216)	–	(216)
	1,179	–	1,179
Goodwill arising on acquisition			135
Total cost of acquisition			1,314

These acquisitions contributed US$195 million to the Group's cash flows from operating activities, paid US$8 million in respect of net return on investments and servicing of finance, paid US$24 million of tax and utilised US$50 million for investing activities.

Note:

The accounting policy adjustments reflect the adoption of UK GAAP in respect of leased assets and provision for deferred tax. There may be a requirement for further fair value adjustments in the year ending 31 December 2001.

28 Acquisition of subsidiaries continued

Shell Coal Holdings Limited ("Shell Coal")

On 28 July 2000 Anglo Coal completed the purchase from Shell Petroleum Company Limited of its entire shareholding in Shell Coal which includes indirectly its interests in certain Australian and Venezuelan operations. Anglo Coal also agreed to make offers for the interests of one of Shell Coal's former joint venture parties in the Drayton and Callide coal mines. Completion of these additional acquisitions took place in October 2000. The total consideration for the acquisition of Shell Coal together with such joint venture interests amounted to US$959 million, excluding long term borrowings of US$154 million, resulting in the acquisition of assets of US$805 million.

The loss after tax of Shell Coal for the period from 1 January 2000 to its acquisition on 28 July 2000 was US$1 million. Shell Coal's profit after tax for the year ended 31 December 1999 was US$48 million.

The assets and liabilities at the date of acquisition are set out in the following table:

US$ million	Book amount	Revaluations	Accounting policy alignments	Fair value
Net assets acquired:				
Tangible fixed assets	631	369	(19)	981
Other financial assets	29	2	–	31
Stocks	24	–	(1)	23
Debtors	61	–	(1)	60
Other current liabilities	(80)	–	1	(79)
Provisions for liabilities and charges	(62)	–	5	(57)
Long term liabilities	(154)	–	–	(154)
Total cost of acquisition	449	371	(15)	805

Shell Coal contributed US$61 million to the Group's cash flows from operating activities, contributed US$1 million in respect of net return on investments and servicing of finance, paid US$2 million of tax and utilised US$21 million for investing activities.

Note:
Revaluations reflect the difference between the book amount and the fair value of fixed assets including coal reserves which will be depreciated as the coal is extracted. The revaluations may be subject to adjustment in the year ending 31 December 2001.

Accounting policy alignments reflect change from Australian GAAP to UK GAAP in relation to FRS 12 in respect of the provision for rehabilitation, restoration and environmental costs and the adoption of the direct translation method for foreign subsidiaries.

Acacia Resources (renamed AngloGold Australasia Limited, a wholly owned subsidiary of Anglogold Limited)

Provisional fair values were included in respect of the acquisition of Acacia Resources in the 1999 accounts. These fair values were finalised during the year to 31 December 2000, resulting in the following adjustments:

US$ million	Provisional fair value	Revaluations	Adjusted fair value
Fixed assets	353	(134)	219
Current assets	26	6	32
Other liabilities	(48)	–	(48)
Provisions for liabilities and charges	(60)	28	(32)
	271	(100)	171
Goodwill arising on acquisition	172	100	272
Total cost of acquisition	443	–	443

Revaluations include adjustments made in respect of the fair value of gold reserves acquired. This resulted in additional goodwill of US$100 million being created, as included in note 13.

29 Disposal of subsidiaries

US$ million	2000	1999
Net assets disposed:		
Intangible fixed assets	119	–
Tangible fixed assets	504	143
Investments in joint ventures	4	–
Investments in associates	31	–
Other financial assets	35	–
Stocks	167	84
Debtors	341	28
Current asset investments	136	–
Short term borrowings	(134)	–
Other current liabilities	(356)	(123)
Provisions for liabilities and charges	(80)	(10)
Long term liabilities	(243)	–
Equity minority interests	(149)	(13)
Loss on disposal	(8)	(6)
	367	103
Net cash inflow from disposal of subsidiaries	226	103
Deferred consideration receivable	93	–
Transfer to other financial assets	48	–
	367	103

The Group's holding in AECI Limited was reduced in January 2001 from 53% to 20% following a buyback of shares by AECI. AECI was treated as a disposal at 31 December 2000 and its net assets at this date have been included above. The proceeds from the share buyback were received in January 2001 and the 20% interest has been transferred to other financial assets.

The cash flows of the disposed subsidiaries did not have a material effect on the cash flow statement.

30 Capital commitments

US$ million	2000	1999
Contracted but not provided	2,013	820

31 Contingent liabilities

Contingent liabilities comprise aggregate amounts of US$299 million (1999: US$289 million) in respect of loans and performance guarantees given to banks and other third parties.

The Group has agreements with Companhia Vale do Rio Doce (CVRD) and Banco Nacional de Desenvolvimento Econômico e Social (BNDES) giving the Group an initial 50% ownership of the mineral rights of the Salobo copper/gold project situated in Pará State, Brazil through its interest in Salobo Metais S.A. If the project proceeds, the Group will be obliged to pay as consideration for the mineral rights, additional pre-production capital expenditure of US$99 million over an estimated period of three years and, following profitability, a finder's fee of up to US$27 million to CVRD. Under the agreement, BNDES has a right to participate in Salobo Metais up to one-third of the equity (in non-voting form) by contributing one-third of the pre-production capital expenditure.

No provision is made for taxes that might become payable if retained earnings of subsidiaries and associates are distributed by way of dividend because there is no intention to distribute reserves. Note 23 sets out details of contingent liabilities arising as a result of using the partial deferred tax liability method, as opposed to the comprehensive method.

There are a number of legal or potential claims against the Group, the outcome of which cannot at present be foreseen. Provision is made for all liabilities which are expected to materialise.

32 Operating leases

At 31 December 2000, the Group was committed to making the following payments during the next year in respect of operating leases:

US$ million	2000 Land and buildings	2000 Other	1999 Land and buildings	1999 Other
Expiring within:				
One year	10	11	16	10
Two to five years	60	22	13	17
After five years	14	–	5	1
	84	33	34	28

33 Pension schemes and other post-retirement benefit plans

The Group operates a number of defined contribution and defined benefit plans for the majority of its employees. These retirement plans are generally funded, with the assets of the schemes held separately from those of the Group, in independently administered funds. The Group accrues pension costs based upon annual independent actuarial valuations for each plan using the projected unit credit method, and funds these costs in accordance with statutory requirements or local practice. The pension cost is disclosed in note 6 and the provision in note 23.

The defined benefit plans were valued by independent qualified actuaries.

The funded status of these plans is as follows:

	Plans with assets in excess of accrued benefits		Plans with accrued benefits in excess of assets	
US$ million	2000	1999	2000	1999
Present value of accrued benefit obligations of unfunded plans	–	–	(425)	(476)
Present value of accrued benefit obligations of funded plans	1,449	2,482	573	175
Fair value of plan assets	1,860	3,107	509	144
Funded status	411	625	(64)	(31)

See note 18 for prepaid pension contributions.

The principal actuarial assumptions used to determine the above actuarial present value of bene½t obligations and pension costs are as follows:

Percentage	2000	1999
Discount rate	8.2	12.5
Expected rate of return on plan assets	8.8	11.9
Compensation increase	5.9	9.1
Expected increase in healthcare costs	10.6	9.5

The Group provides post-retirement healthcare benefits to its staff in South Africa and North America. The benefits are charged on an accruals basis similar to that used for pensions. The post-retirement healthcare costs are disclosed in note 6 and the provision in note 23.

34 Related party transactions

The principal shareholders of the Group are listed on page 57.

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, in total, are not considered to be significant.

Amounts owing between the Group and its associates and joint ventures are disclosed in notes 18 and 21.

Notes to financial statements

35 Reconciliation of net operating assets to net assets

US$ million	2000	1999
Net operating assets (see note 2)	16,140	12,534
Financial fixed assets	7,960	8,391
Current asset investments	2,344	2,315
Cash at bank and in hand	1,061	1,303
Interest bearing and tax liabilities	(3,806)	(1,135)
Long term liabilities	(3,597)	(2,538)
Provisions for liabilities and charges	(1,404)	(1,324)
Equity minority interests	(2,646)	(2,951)
Proposed dividend	(508)	(421)
Net assets	15,544	16,174

36 Financial statements of Anglo American plc

Profit of parent

As permitted by section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts.

Balance sheet

US$ million	2000	1999
Fixed asset investments	8,753	5,703
Cash at bank and in hand	–	10
Intragroup dividends receivable	114	–
Bank loans due within one year	(1,590)	(50)
Amounts owed to subsidiaries	(2,162)	(473)
Proposed dividend	(252)	(161)
Other creditors	(43)	–
Net current liabilities	(3,933)	(674)
Net assets	4,820	5,029
Capital and reserves		
Called-up share capital	204	204
Share premium account	1,815	1,815
Profit and loss account	2,801	3,010
Total shareholders' funds (all equity)	4,820	5,029

Statement of movement in shareholders' funds and movement of reserves

US$ million	Issued share capital	Share premium account	Profit and loss account	Total
Balance at 1 January 2000	204	1,815	3,010	5,029
Profit for the financial year	–	–	184	184
Dividends paid and proposed	–	–	(393)	(393)
At 31 December 2000	204	1,815	2,801	4,820

Dividends paid and proposed relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Shareholders on the Johannesburg branch register are paid in terms of the Dividend Access Share provisions by a South African subsidiary.

36 Financial statements of Anglo American plc continued

Fixed asset investments

US$ million	Investment in subsidiaries Loans	Investment in subsidiaries Equity	Own shares	Total
Cost				
At 1 January 2000	76	4,898	855	5,829
Additions	–	792	–	792
Advances/(repayments)	2,416	–	(61)	2,355
Currency movements	(131)	–	–	(131)
At 31 December 2000	2,361	5,690	794	8,845
Provisions for impairment				
At 1 January 2000	–	–	(126)	(126)
Amounts applied	–	–	34	34
At 31 December 2000	–	–	(92)	(92)
Net book value				
At 31 December 2000	2,361	5,690	702	8,753
At 31 December 1999	76	4,898	729	5,703

During the year Anglo American plc acquired Shell Coal Holdings Limited for US$791 million, the balance of the investment was purchased through subsidiary companies. The increase in loans to subsidiaries was principally to Anglo American Finance UK Limited and was used to acquire Tarmac plc.

Called-up share capital

	2000 Number of shares	2000 US$ million	1999 Number of shares	1999 US$ million
Authorised:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each	600,000,000	300	600,000,000	300
		300		300
Called up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each	407,661,244	204	407,661,244	204
		204		204

Notes to financial statements

37 Group companies

The principal subsidiaries, proportionally consolidated joint arrangements, joint ventures and associates of the Group at 31 December 2000, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below:

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned
Gold			
Anglogold Limited	South Africa	Gold	53.4
Platinum			
Anglo American Platinum Corporation Limited	South Africa	Platinum	50.2
Coal			
Anglo Coal[1]	South Africa	Coal	100
Anglo Coal (Callide) Pty Limited	Australia	Coal	100
Base metals			
Black Mountain Mineral Development[1]	South Africa	Copper, zinc and lead	100
Namakwa Sands[1]	South Africa	Mineral sands	100
Gamsberg Zinc Corporation[1]	South Africa	Zinc project	100
Hudson Bay Mining and Smelting Co. Ltd	Canada	Copper and zinc	100
Ambase Exploration (Namibia) Proprietary Limited	Namibia	Zinc project	100
Empresa Minera de Mantos Blancos SA	Chile	Copper	99.9
Codemin SA	Brazil	Nickel	90
Minera Loma de Níquel, CA	Venezuela	Nickel project	85.5
Minera Quellaveco SA	Peru	Copper project	79.9
Konkola Copper Mines PLC[2]	Zambia	Copper	33.1
Industrial minerals			
Tarmac Group Limited	UK	Construction materials	100
Tarmac France SA	France	Construction materials	100
Elbekies GmbH	Germany	Construction materials	100
Lausitzer Grauwacke GmbH	Germany	Construction materials	100
Steetley Iberia SA	Spain	Construction materials	100
Cleveland Potash Limited	UK	Potash	100
WKSM SA	Poland	Construction materials	94.7
Tarmac Severokamen A.S.	Czech Republic	Construction materials	87.6
Copebrás SA	Brazil	Sodium tripolyphosphate	73
Ferrous metals			
Scaw Metals[1]	South Africa	Iron, steel and engineering works	100
Mineração Catalão de Goiás Limitada	Brazil	Niobium	100
Highveld Steel and Vanadium Corporation Limited	South Africa	Steel, vanadium and ferroalloys	76.6
Forest products			
Mondi Limited	South Africa	Paper and packaging	100
Mondi Packaging (UK) Limited	UK	Packaging	100
Mondi Packaging (France) SA	France	Packaging	100
Neusiedler AG	Austria	Paper	100
Frantschach AG	Austria	Paper sacks	70
Frantschach Swiecie SA	Poland	Pulp, paper and packaging	54.9
Industries			
Boart Longyear[1]/Boart Longyear Limited	South Africa	Tools, equipment and contracting services	100
The Tongaat-Hulett Group Limited	South Africa	Sugar, starch and aluminium	50.8

(1) A division of Anglo Operations Limited, a wholly-owned subsidiary.

(2) Effective interest – Konkola Copper Mines PLC is 65% owned by Zambia Copper Investments Limited which is 50.9% owned by the Group.

Notes to financial statements

37 Group companies continued

	Country of incorporation	Business	Percentage of equity owned
Proportionally consolidated joint arrangements[3]			
Drayton	Australia	Coal	88.2
Moranbah North	Australia	Coal	88
Dartbrook	Australia	Coal	75
German Creek	Australia	Coal	72.8
Joint ventures[4]			
Compañia Minera Doña Inés de Collahuasi SCM	Chile	Copper	44
Lisheen (unincorporated)	Ireland	Zinc and lead	61.9
Columbus Stainless	South Africa	Production of stainless steel	38.8
Aylesford Newsprint Holdings Limited	UK	Newsprint	50
Associates[4]			
De Beers Consolidated Mines Limited[5]	South Africa	Diamonds	32.2
De Beers Centenary AG[5]	Switzerland	Diamonds	32.2
Carbones del Cerrejón SA	Colombia	Coal	33.3
Carbones del Guasare SA	Venezuela	Coal	24.9
Cerrejón Zona Norte mining complex[6]	Colombia	Coal	16.7
Palabora Mining Company Limited	South Africa	Copper	28.7
Anaconda Nickel Limited	Australia	Nickel	25.7
Tati Nickel Mining Company (Proprietary) Limited	Botswana	Nickel	43.4
Samancor Limited	South Africa	Chrome and manganese	40
Groote Eylandt Mining Company Proprietary Limited (Gemco)	Australia	Manganese	40
Tasmanian Electro Metallurgical Company Proprietary Limited (Temco)	Australia	Manganese	40
Aracruz Celulose SA[7]	Brazil	Pulp	11.8
Terra Industries Inc.	USA	Nitrogen fertiliser and methanol	49.9
FirstRand Limited[8]	South Africa	Financial services	20.6

(3) The wholly owned subsidiary Anglo Coal Holdings Australia Limited holds the proportionally consolidated joint arrangements.

(4) All are ordinary shares.

(5) Interest held through De Beers-Centenary linked units.

(6) Cerrejón Zona Norte mining complex is 50% owned by the associate Cerrejón Zona Norte SA.

(7) The Group holds 28% of the voting equity.

(8) On 1 February 2001, interest reduced to 5.3%. Financial year ended 30 June.

38 Events occurring after end of year

On 1 February 2001, Anglo American completed a transaction in terms of which 834,008,267 shares in FirstRand Limited were exchanged for 165,248,324 shares in Billiton Plc and 51,134,914 shares in Gold Fields Limited. Anglo American continues to hold approximately 5.3% of the issued share capital of FirstRand, as well as 7.1% in Billiton and 16.7% in Gold Fields.

On 15 February 2001, DB Investments, a company to be owned by Anglo American (45%), Central Holdings Limited (45%) and Debswana Diamond (Proprietary) Limited (10%), announced that it had reached agreement with the boards of De Beers on the terms of a recommended transaction to be proposed to the holders of De Beers Linked Units which will result in:

> the elimination of the cross-holding between De Beers and Anglo American; and
> the increase of Anglo American's interest in De Beers from 32.2% to 45.0%.

Upon completion of the transaction it is proposed that the 40.8 million Anglo American shares, from Anglo American's entitlement to the Anglo American shares to be distributed by De Beers, will be cancelled. Final approval of these transactions are subject to approval by De Beers Shareholders, Anglo American Public Shareholders, the sanction of the High Court of South Africa and competition and other regulatory approvals and tax clearances.

Anglo American also proposes a bonus issue of Anglo American shares such that Anglo American shareholders receive, in total, three new Anglo American shares for each existing Anglo American share. The proposed bonus issue of Anglo American shares is also subject to obtaining relevant approvals.

Shareholders' information

Dividends – final dividend

Subject to approval at the annual general meeting, the final dividend for the year ended 31 December 2000 will be payable on Friday, 18 May 2001 to ordinary shareholders registered in the books of the Company on Friday, 23 March 2001.

Dividend payments

Dividends are paid in pounds sterling to those shareholders registered on the UK register of members with an address in the UK, unless they elect for payment in US dollars, and those shareholders with an address elsewhere are paid in US dollars, unless they elect for payment in pounds sterling, provided that such elections are received by the UK Registrar by the Record Date applicable to the dividend being paid. Shareholders on the South African branch register are paid in South African rand only. Anglo American's dividend is declared in US dollars and converted into sterling and rand at the exchange rates applicable two business days prior to the declaration date.

Shareholders' Diary 2001/2002

Financial year end	31 December
Annual General Meetings	15 May 2001 May 2002

Reports and financial statements

Interim report	September 2001
Annual results announcement	March 2002
Annual report	April 2002

Interim dividend

Date of declaration	September 2001
Date of payment	October 2001

Final dividend

Date of recommendation	March 2002
Date of payment	May 2002

Analysis of ordinary shareholders at 31 December 2000

Size of shareholding	Number of shareholders	Number of shares	Percentage of issued capital
1 – 500	12,075	1,793,781	0.44
501 – 1,000	1,490	1,132,081	0.28
1,001 – 5,000	1,315	2,846,516	0.70
5,001 – 10,000	227	1,648,982	0.40
10,001 – 25,000	207	3,264,382	0.80
25,001 – 50,000	111	3,997,241	0.98
50,001 – 100,000	92	6,546,522	1.61
100,001 – 250,000	80	12,693,334	3.11
250,001 – 500,000	34	11,559,405	2.83
500,001 – 1,000,000	31	21,401,724	5.25
Over 1,000,000	47	340,777,276	83.60
Total	15,709	407,661,244	100

Shareholders' information

Anglo American share price on the LSE

	Share price*
2000	
4 January	£40.00
1 February	£36.01
1 March	£29.37
3 April	£28.89
2 May	£28.29
1 June	£30.20
3 July	£32.70
1 August	£31.45
1 September	£39.47
2 October	£36.55
1 November	£38.71
1 December	£35.25
29 December	£36.90
2001	
2 January	£36.75
1 February	£43.25
1 March	£45.34

*Middle market prices from the London Stock Exchange Daily Official List.

Stock Exchange listings

The Company has its primary listing on the London Stock Exchange and secondary listings on the JSE Securities Exchange South Africa and the Swiss Exchange SWX.

Substantial shareholdings

As at 13 March 2001, the Company was aware of the following interests in 3% or more of the Company's ordinary share capital:

Name	Share holding	Percentage of issued capital
De Beers Consolidated Mines Limited(1)	130,380,071	31.98%
De Beers Centenary AG(2)	13,903,834	3.41%
De Beers Group	144,283,905	35.39%
Central Holdings Limited S.A.(3)	29,257,760	7.18%
Standard Bank Nominees (Transvaal) (Pty) Ltd.	27,784,345	6.82%
Butterfield Trust (Guernsey) Limited(4)	15,735,537	3.86%

In terms of notifications pursuant to S.198 of the Companies Act of 1985, the Company has been notified of the following:

(1) Of which 117,086,985 held by De Beers Investments (Proprietary) Limited.

(2) Held by Felton Holdings Limited.

(3) Each of Capricorn Trustees Limited, Central Holdings International Limited, Spectre Limited, Pradine Limited, Bastion Holdings Limited and the trustees of a discretionary trust are interested in the shares in which Central Holdings Limited S.A. ("Centhold") is interested by virtue of (in the case of Capricorn Trustees Limited) its voting power in Centhold, (in the case of Central Holdings International Limited) its position as a beneficiary of a trust and its voting control of Centhold, (in the case of the other aforementioned bodies corporate) their parent/subsidiary relationship and (in the case of the aforementioned trustees) of their voting power in those other aforementioned bodies corporate.

(4) Registered in the name of Greenwood Nominees Limited as nominee for the trustee of the Anglo American employee share schemes.

Reserves and resources

The measured and indicated mineral resources are additional to the ore reserves, unless otherwise stated. Inferred resources are not quoted in this report.

	Reported[1] (%)	Attributable[1] (%)	Tonnes (million)[2] 2000	Tonnes (million)[2] 1999	Grade 2000	Grade 1999	Contained tonnes[2] 2000	Contained tonnes[2] 1999
AngloGold – reserves					g/t	g/t		
Africa			66.2	17.2	3.80	2.73	251.8	47.0
Australasia			153.8	56.5	1.24	2.18	190.6	123.0
North America			160.4	157.5	1.18	1.17	189.5	184.8
South Africa			364.1	679.4	5.41	4.16	1,971.7	2,824.4
South America			14.7	15.5	8.29	8.51	122.1	132.2
Total metric	100	53.4	759.3	926.1	3.59	3.58	2,725.8	3,311.4
Total imperial	100	53.4	837.0	1,020.8	0.105 oz/t	0.104 oz/t	87.6 Moz	106.5 Moz
AngloGold[3] – resources					g/t	g/t		
Africa			151.0	78.0	2.62	1.92	395.5	149.6
Australasia			220.5	161.4	1.20	1.58	265.2	255.6
North America			275.1	287.2	1.17	1.16	320.9	332.9
South Africa			1,558.9	1,328.9	4.00	4.17	6,230.4	5,542.2
South America			45.4	42.1	5.92	6.06	268.5	255.0
Total metric	100	53.4	2,251.0	1,897.6	3.32	3.44	7,480.4	6,535.3
Total imperial	100	53.4	2,481.3	2,091.7	0.097 oz/t	0.100 oz/t	240.5 Moz	210.1 Moz
Gold (other)					g/t	g/t		
Salobo – resources	50	50	518.6	518.6	0.44	0.44	228.2	228.0
Anglo Platinum – reserves					g/t[4]	g/t[4]		
Merensky Reef			759.8	–	4.86	–	3,689.4	–
UG2 Reef			819.5	–	4.82	–	3,950.0	–
Total metric	100	50.2	1,579.3	1,627.0	4.84	4.98	7,639.4	8,102.0
Total imperial	100	50.2					245.7 Moz	260.5 Moz
Anglo Platinum – resources					g/t[4]	g/t[4]		
Merensky Reef			760.4	–	5.07	–	3,851.6	–
UG2 Reef			863.5	–	5.59	–	4,827.6	–
Total metric	100	50.2	1,623.9	167.0	5.34	4.90	8,679.2	818.0
Total imperial	100	50.2					279.1 Moz	26.3 Moz
The Platreef (Potgietersrust) figures are included with the Merensky Reef. Increase in resource due to intensive exploration work carried out during the past year.								
Anglo Coal – reserves								
S African trade collieries	100	100	658.7	650.4				
S African power generation collieries	100	100	960.3	1,646.1				
Australian trade collieries	100	82.2	421.6	–				
Australian power generation collieries	100	100	196.0	–				
South American trade collieries	22.9	22.9	138.9	34.3				
Anglo Coal – resources								
S African trade collieries	100	100	253.0	701.6				
S African power generation collieries	100	100	49.4	203.7				
S African other resources	100	98.8	4,653.9	4,474.8				
Australian trade collieries	100	74.3	272.8	–				
Australian power generation collieries	100	100	288.9	–				
Australian other resources	100	97.8	1,058.0	–				
South American trade collieries	25.7	25.7	105.5	166.9				

Coal reserves and resources reflect the purchase of the assets of Shell Coal Holdings Limited, Australia, the purchase of a 16.7% share in Cerrejón Zona Norte, Colombia, the sale of 16.7% of Carbones del Cerrejón, Colombia to Billiton and the sale of certain South African assets to Eyesizwe.

Rounding of figures may cause computational discrepancies.

See notes on page 61.

Reserves and resources

The measured and indicated mineral resources are additional to the ore reserves, unless otherwise stated. Inferred resources are not quoted in this report.

			Tonnes (million)[2]		Grade		Contained tonnes (million)[2]	
	Reported[1] (%)	Attributable[1] (%)	2000	1999	2000	1999	2000	1999
Base metals – reserves								
Copper					%Cu	%Cu		
Collahuasi	44	44	241.0	252.6	1.20	1.23	2.88	3.10
Mantos Blancos	100	100	300.2	317.8	0.70	0.71	2.10	2.26
Palabora	29	29	90.8	92.5	0.60	0.59	0.54	0.54
Quellaveco	100	80	938.4	965.6	0.64	0.63	5.96	6.05
Hudson Bay	100	100	26.7	28.2	1.70	1.71	0.46	0.48
Black Mountain	100	100	8.1	8.5	0.52	0.52	0.04	0.04
Kolwezi Tailings	30	30	33.6	33.6	1.49	1.49	0.50	0.50
Konkola (current mine)	33	33	5.4	5.7	3.58	3.89	0.19	0.22
Konkola Deep Mine Project	33	33	30.1	29.4	3.81	3.90	1.15	1.15
Nchanga Open Pit	33	33	4.4	4.4	2.31	2.35	0.10	0.10
Nchanga Satellite Pits	33	33	1.3	–	2.78	–	0.04	–
Nchanga Underground	33	33	6.7	6.0	2.63	2.80	0.18	0.17
Nchanga Tailings	33	33	31.6	7.5	0.69%TCu	–	0.22	–
	33	33	–	–	0.49%ASCu	0.55%ASCu	0.16	0.04
CRO Dumps	33	33	43.7	–	0.87	–	0.38	–
BCL	23	23	6.2	10.0	0.86	0.89	0.05	0.09
Phoenix Mine, Tati	43	43	19.9	20.9	0.32	0.34	0.06	0.07
Nickel					%Ni	%Ni		
Codemin	100	90	5.7	6.0	1.37	1.38	0.08	0.08
Loma de Níquel	100	85.5	42.4	40.7	1.48	1.49	0.63	0.60
BNC	100	53	1.9	2.8	0.56	0.56	0.01	0.02
Work is underway at BNC to establish additional reserves with a view to confirming life of mine.								
Phoenix Mine, Tati	43	43	19.9	20.9	0.56	0.59	0.11	0.12
BCL	23	23	6.2	10.0	0.84	0.81	0.05	0.08
ANL Murrin-Murrin[5]	15.6	15.6	47.4	70.4	1.00	1.00	0.47	0.70
ANL Marshall Pool[5]	26	26	77.2	–	0.69	–	0.53	–
ANL Lawlers[5]	26	26	55.1	–	0.64	–	0.35	–
Zinc					%Zn	%Zn		
Hudson Bay	100	100	26.7	28.2	4.23	4.13	1.13	1.16
Black Mountain	100	100	8.1	8.5	2.36	2.60	0.21	0.22
Lisheen	100	62	15.0	13.2	11.71	13.30	1.76	1.76
Skorpion	100	100	21.6	–	10.57	–	2.28	–
Gamsberg	100	100	145.3	–	6.04	–	8.77	–
Lead					%Pb	%Pb		
Black Mountain	100	100	8.1	8.5	4.05	4.38	0.33	0.37
Lisheen	100	62	15.0	13.2	2.01	2.40	0.30	0.32
Cobalt					%Co	%Co		
Kolwezi Tailings	30	30	33.6	33.6	0.32	0.32	0.11	0.11
Nchanga Open Pit	33	33	0.8	0.6	0.41	0.45	0.003	–
Nchanga Transit Stockpiles	33	33	0.3	–	0.26	–	0.001	–
ANL Murrin-Murrin[5]	15.6	15.6	47.4	70.4	0.06	0.07	0.03	0.05
ANL Marshal Pool[5]	26	26	77.2	–	0.04	–	0.03	–
ANL Lawlers[5]	26	26	55.1	–	0.04	–	0.02	–
Molybdenum					%Mo	%Mo		
Quellaveco	100	80	938.4	965.6	0.02	0.02	0.19	0.20

Rounding of figures may cause computational discrepancies.

See notes on page 61.

Reserves and resources

The measured and indicated mineral resources are additional to the ore reserves, unless otherwise stated. Inferred resources are not quoted in this report.

	Reported[1] (%)	Attributable[1] (%)	Tonnes (million)[2] 2000	Tonnes (million)[2] 1999	Grade 2000	Grade 1999	Contained tonnes (million)[2] 2000	Contained tonnes (million)[2] 1999
Base metals – resources								
Copper					%Cu	%Cu		
Collahuasi	44	44	663.0	663.0	0.67	0.67	4.44	4.40
Mantos Blancos	100	100	198.9	155.0	0.74	0.71	1.46	1.10
Quellaveco	100	80	178.2	148.0	0.46	0.45	0.82	0.67
Salobo	50	50	518.6	518.6	0.75	0.75	3.89	3.89
Palabora	29	29	1.7	–	0.60	–	0.01	–
Konkola (current mine)	33	33	0.5	2.0	2.81	2.67	0.02	0.05
Konkola Deep Mine	33	33	15.7	19.4	3.21	3.15	0.50	0.61
Nchanga Open Pit	33	33	5.4	10.4	1.62	2.38	0.09	0.25
Nchanga Satellite Pits	33	33	4.7	–	2.07	–	0.10	–
Nchanga Underground LOB	33	33	0.9	2.2	4.68	5.89	0.04	0.13
Nchanga Tailings Dams	33	33	0.8	–	0.74%TCu	–	0.01	–
	33	33	–	–	0.55%ASCu	–	0.005	–
Nchanga CRO Dumps	33	33	6.3	–	0.87	–	0.05	–
Transit Ore Stockpiles	33	33	0.9	–	1.06	–	0.01	–
Black Mountain	100	100	14.1	–	0.73	–	0.10	–
Broken Hill Deep Extension[6]	100	100	28.2	–	0.49	–	0.14	–
BCL	23	23	7.7	7.5	0.76	0.67	0.06	0.05
Nkomati[7]	25	25	22.8	22.9	0.24	0.24	0.05	0.05
Nickel					%Ni	%Ni		
Codemin	100	90	8.8	8.7	1.27	1.26	0.11	0.11
Loma de Níquel	100	85.5	4.3	3.2	1.46	1.47	0.06	0.05
BNC	100	53	12.3	30.6	0.64	0.65	0.08	0.20
Barro Alto	100	100	52.2	–	1.64	–	0.85	–
BCL	23	23	7.7	7.5	0.62	0.58	0.05	0.04
Nkomati[7]	25	25	22.8	22.9	0.62	0.63	0.14	0.14
ANL Murrin-Murrin[5]	15.6	15.6	51.3	76.0	1.00	1.00	0.51	0.76
ANL Marshall Pool[5]	26	26	79.3	43.0	0.69	0.77	0.55	0.33
ANL Lawlers[5]	26	26	55.1	44.0	0.64	0.64	0.35	0.28
ANL Cawse[5]	17.8	17.8	105.8	49.0	0.66	0.67	0.70	0.33
Zinc					%Zn	%Zn		
Black Mountain	100	100	14.1	–	0.70	–	0.10	–
Broken Hill Deep Extension[6]	100	100	28.2	–	2.40	–	0.68	–
Lead					%Pb	%Pb		
Black Mountain	100	100	14.1	–	3.19	–	0.45	–
Broken Hill Deep Extension[6]	100	100	28.2	–	2.47	–	0.70	–
Cobalt					%Co	%Co		
Nchanga Open Pit	33	33	2.8	2.2	0.34	0.31	0.01	0.01
Nchanga Satellite Pits	33	33	0.1	–	0.23	–	0.0003	–
ANL Murrin-Murrin[5]	15.6	15.6	51.3	76.0	0.06	0.06	0.03	0.05
ANL Marshall Pool[5]	26	26	79.3	43.0	0.04	0.04	0.03	0.02
ANL Lawlers[5]	26	26	55.1	44.0	0.04	0.04	0.02	0.02
ANL Cawse[5]	17.8	17.8	105.8	49.0	0.04	0.04	0.04	0.02

Rounding of figures may cause computational discrepancies.

See notes on page 61.

Reserves and resources

The measured and indicated mineral resources are additional to the ore reserves, unless otherwise stated. Inferred resources are not quoted in this report.

	Reported[1] (%)	Attributable[1] (%)	Tonnes (million)[2] 2000	Tonnes (million)[2] 1999	Grade 2000	Grade 1999	Contained tonnes (million)[2] 2000	Contained tonnes (million)[2] 1999
Molybdenum					%Mo	%Mo		
Quellaveco	100	80	178.2	148.0	0.02	0.02	0.04	0.03
Chromite					% Cr_2O_3	% Cr_2O_3		
Nkomati[7]	25	25	13.4	13.4	25.54	25.54	3.43	3.43
Heavy minerals								
Namakwa Sands – reserves	100	100			%	%		
Ilmenite			489.8	502.8	3.40	3.40	16.46	17.20
Zircon			489.8	502.8	0.90	0.90	4.51	4.70
Rutile			489.8	502.8	0.20	0.20	1.04	1.10
Heavy minerals								
Namakwa Sands – resources	100	100			%	%		
Ilmenite			761.3	773.9	3.00	3.00	22.96	23.20
Zircon			761.3	773.9	0.50	0.60	4.17	4.30
Rutile			761.3	773.9	0.20	0.20	1.17	1.20
Ferrous metals – reserves					%	%		
Wessels Mine (Mn)[8]	40	40	8.1	–	–	–	–	–
Mamatwan Mine (Mn)[8]	40	40	18.4	–	–	–	–	–
Total Samancor (Mn)[8]	40	40	26.5	29.3	–	–	–	–
Alyangula Manganese[8]	40	40	37.5	50.8	48.10	48.00	18.00	24.40
Catalão (Nb_2O_5)	100	100	12.0	4.9	1.31	1.40	0.16	0.07
Highveld (Vanadium)	100	76.6	200.3	203.1	–	–	–	–
Ferrous metals – resources					%	%		
Wessels Mine (Mn)[8]	40	40	17.9	–	48.00	–	8.58	–
Mamatwan Mine (Mn)[8]	40	40	20.0	–	37.65	–	7.53	–
Total Samancor (Mn)[8]	40	40	37.9	41.2	42.54	–	16.11	–
Alyangula Manganese[8]	40	40	47.9	–	47.90	–	22.90	–
Catalão (Nb_2O_5)	100	100	0.4	1.2	0.62	0.92	0.003	0.01
Highveld (Vanadium)	100	76.6	76.1	76.7	–	–	–	–
Cleveland Potash Ltd					%KCl			
Reserves	100	100	28.4	–	40.20	–	–	–
Resources	100	100	3.0	–	38.70	–	–	–

Extensive areas of permitted ground, accessible from existing mine infrastructure, remain to be explored.

Forest products

The Mondi Group in South Africa owns and manages 401,000 hectares of sustainable man-made forest. All of its producing forests have been certified by the Forestry Stewardship Council. The annual cut is currently 5.4 million tonnes but the future sustainable production will increase as the more recently established areas are harvested.

Rounding of figures may cause computational discrepancies.

(1) Reported and Attributable (%) refers to 2000 only. For the 1999 Reported and Attributable figures, please refer to the previous annual report.
(2) Includes 100% of reserves and resources of consolidated entities and the Group's share of joint ventures and associates where applicable.
(3) AngloGold reports measured and indicated mineral resources as inclusive of those mineral resources modified to produce the ore reserve, i.e. the reserves are included in the resource figure.
(4) 4E PGE grade, i.e. platinum, palladium, rhodium and gold.
(5) ANL figures were obtained from their report entitled "Anaconda Quarterly Report for the Period Ended December 31, 2000". ANL report measured and indicated mineral resources as inclusive of those mineral resources modified to produce the ore reserve, i.e. the reserves are included in the resource figure.
(6) Sinking of a shaft to access the resource and an infill drilling campaign are ongoing. The resource will be processed utilising existing infrastructure.
(7) A full evaluation of Nkomati's reserves and resources is underway as part of the ongoing expansion project.
(8) Alyangula and Samancor report measured and indicated mineral resources as inclusive of those mineral resources modified to produce the ore reserve, i.e. the reserves are included in the resource figure.

Production statistics

	2000	1999
AngloGold (gold in troy ounces)		
South Africa	5,418,000	5,745,000
North and South America	935,000	911,000
Australia and Asia	524,000	–
Rest of the world	366,000	262,000
	7,243,000	6,918,000
Anglo Platinum (troy ounces)		
Platinum	1,915,300	2,022,700
Palladium	967,000	1,017,200
Rhodium	168,700	171,700
Nickel (tonnes)	19,200	19,600
Anglo Coal (tonnes)		
South Africa		
Eskom	36,100,000	41,700,000
Trade	19,100,000	19,600,000
Australia	8,200,000	–
Colombia	1,400,000	500,000
	64,800,000	61,800,000
Anglo Base metals		
Copper (tonnes)		
Collahuasi	191,900	191,200
Mantos Blancos	155,300	151,600
Hudson Bay	53,200	50,300
Konkola	125,400	–
Other	33,500	31,000
	559,300	424,100
Nickel (tonnes)		
Codemin	6,300	6,500
Tati	3,700	3,700
Other	4,700	–
	14,700	10,200
Zinc (tonnes)		
Hudson Bay	98,900	82,800
Black Mountain	27,100	31,200
Lisheen	32,200	7,200
	158,200	121,200
Lead (tonnes)		
Black Mountain	68,100	73,800
Lisheen	10,700	3,700
	78,800	77,500
Namakwa Sands (tonnes)		
Chloride slag	112,700	85,700
Sulphate slag	27,200	13,900
Pig iron	71,600	60,200
Zircon	106,800	91,900
Rutile	23,200	17,800

The figures above include the entire output of consolidated entities and the Group’s share of joint ventures and associates where applicable.

Production statistics

	2000	1999
Anglo Industrial minerals (tonnes)		
Aggregates	67,815,000	26,701,000
Lime products	928,000	926,000
Concrete (m^3)	6,329,000	2,612,000
Potash	966,000	825,000
Sodium tripolyphosphate	86,000	82,000
Phosphates	775,000	589,000
Anglo Ferrous metals (tonnes)		
Chrome ore	1,476,000	1,360,000
Stainless steel	169,000	143,000
Vanadium slag	70,000	58,000
Chrome alloys	428,000	394,000
Manganese ore	1,474,000	1,462,000
Manganese alloys	287,000	255,000
Steel	1,375,000	1,228,000
Ferro-Alloys	213,000	195,000
Niobium	2,700	2,400
Anglo Forest products (tonnes)		
South Africa		
Pulp	343,000	346,000
Graphic papers	415,000	404,000
Packaging papers	523,000	436,000
Corrugated board (000 m^2)	166,000	89,000
Lumber (m^3)	358,000	385,000
Wood chips (m^3)	1,103,000	1,018,000
Mining timber	125,000	133,000
Europe		
Pulp	110,000	137,000
Graphic papers	863,000	555,000
Packaging papers	765,000	347,000
Corrugated board (000 m^2)	625,000	611,000
Paper sacks (000 units)	1,489,000	611,000
Brazil		
Pulp	154,000	149,000

The figures above include the entire output of consolidated entities and the Group’s share of joint ventures and associates where applicable.

Exchange rates and commodity prices

US dollar exchange rates
Average spot prices for the period

	2000	1999
South African rand	6.91	6.09
Sterling	0.66	0.62
Euro	1.08	0.94

Commodity prices
Average market prices for the period

	2000	1999
Gold – US$/oz	279	278
Platinum – US$/oz	544	376
Palladium – US$/oz	675	358
Rhodium – US$/oz	1,847	894
Copper – US cents/lb	82	71
Nickel – US cents/lb	392	273
Zinc – US cents/lb	51	49
Lead – US cents/lb	21	23
European eucalyptus pulp price (CIF) – US$/tonne	664	462

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Designed by Bamber Forsyth Limited.
Printed by Westerham Press Limited.