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Anglo American Plc

FINANCIAL HIGHLIGHTS

\$ million (unless otherwise stated)	2002	2001 Restated ⁽¹⁾
Turnover	20,497	19,282
Total operating profit before operating exceptional items	3,332	3,298
Profit for the financial year	1,563	3,085
Headline earnings for the financial year	1,759	1,681
Net operating assets	21,122	14,744
Net cash inflow from operating activities	3,618	3,539
Capital expenditure	2,139	1,787
Earnings per share (\$):		
Profit for the financial year	1.11	2.09
Headline earnings for the financial year	1.25	1.14
Total dividend for the year (US cents per share)	51.0	49.0

⁽¹⁾ Restated for the adoption of Financial Reporting Standard (FRS) 19, 'Deferred Tax'.

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 METALS, FERROUS METALS AND INDUSTRIES, INDUSTRIAL MINERALS AND FOREST PRODUCTS, AS WELL AS FINANCIAL AND TECHNICAL STRENGTH.



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RESULTS SUMMARY

Headline earnings per share were \$1.25 per share, an increase of 10% from the prior year. The increase reflects the robust performance of the Group's businesses as well as the cancellation of 10% of the Company's shares in issue in June 2001 as part of the De Beers transaction. The increase in headline earnings to \$1,759 million resulted from strong performances from Forest Products, Gold, Diamonds, Industrial Minerals and Ferrous Metals and a much improved performance from Base Metals, which compensated for lower earnings from Platinum and Coal. This reflects the Group's geographical and product diversity, and the successful integration of acquisitions.

In 2002, the Group adopted Financial Reporting Standard (FRS) 19, 'Deferred Tax', which requires deferred tax to be provided in full on all timing differences arising from the different treatment of items for accounting and taxation purposes that result in an obligation to pay more tax, or a right to pay less tax, at a future date. Adoption of FRS 19 required a restatement of the 2001 accounts, resulting in an increase in deferred tax provisions of \$933 million as at 31 December 2001, with a consequent prior year adjustment of \$570 million, after accounting for minority interests, which has been taken to reserves. The restatement of 2001 headline earnings resulted in a decrease of \$89 million for the full year ended 31 December 2001. The adoption of FRS 19 decreased 2002 headline earnings by \$166 million.

Profit for the year was \$1,563 million compared with \$3,085 million in the prior year. The lower profit in the current year reflects the significant exceptional gains in 2001 arising from the De Beers transaction and the exchange of part of the Group's interest in FirstRand Limited for interests in Billiton Plc and Gold Fields Limited.

EXCEPTIONAL ITEMS

Operating exceptional charges amounted to \$81 million. These included impairments or write-downs of \$97 million in Base Metals, and the reversal of a \$46 million impairment of Salobo in 2000 following its sale in 2002. In June 2002, Salobo was sold to Companhia Vale do Rio Doce for \$51 million. In accordance with FRS 11, 'Impairment of Fixed Assets and Goodwill', the Salobo sale indicated a reversal of the conditions that led to its original write-down, and the impairment charge had to be reversed before recognising a gain on sale. The remaining \$5 million is reported as a gain on sale, within non-operating exceptional gains. Write-down of investments account for the remaining \$30 million operating exceptional charges.

Non-operating exceptional gains amounted to \$64 million. These included the profit on disposal of Tati Nickel of \$53 million, an additional cost of \$34 million relating to the withdrawal from Konkola Copper Mines, the share of DBI's exceptional items and the disposal of non-core investments and other fixed assets.

TAXATION

The effective rate of taxation before exceptional items was 33%. This was a reduction from the effective rate of 36% in 2001 (as restated for FRS 19), which was largely due to a change in the mix of earnings contribution by the Group's businesses.

BALANCE SHEET

Total shareholders' funds were \$16,261 million compared with \$12,856 million as at 31 December 2001. The increase was primarily due to retained earnings and the appreciation of the South African rand, which strengthened by 28% during the year against the dollar.

Net debt was \$5,578 million, an increase of \$3,560 million from 2001. This increase was principally due to debt incurred to fund acquisitions during the period. Net debt comprises \$7,791 million of debt, offset by \$2,213 million of cash and current asset investments. Net debt to total capital as at 31 December 2002 was 23.1%, compared with 12.2% in 2001.

In April 2002 the Group issued \$1.1 billion 3¾ per cent convertible bonds due in April 2007, convertible into ordinary shares of Anglo American. The bonds were issued at par and bear a coupon of 3¾ per cent per annum payable semi-annually.

The Group's reserves include the impact of the cancellation, on 11 June 2001, of 163,212,568 ordinary shares as part of the De Beers transaction.

CASH FLOW

Net cash inflow from operations was \$3,618 million compared with \$3,539 million in 2001. Depreciation and amortisation, which increased by \$91 million, are analysed below.

Analysis of depreciation by business segment (subsidiaries)

\$ million	2002	2001
Platinum	107	77
Gold	182	157
Coal	104	108
Base Metals	124	130
Industrial Minerals	142	136
Forest Products	228	193
Ferrous Metals	21	25
Industries	42	46
Other	12	9
	962	881

Analysis of amortisation by business segment (subsidiaries)

\$ million	2002	2001 Restated
Platinum	16	16
Gold	31	30
Coal	4	4
Base Metals	1	1
Industrial Minerals	46	42
Forest Products	15	13
Ferrous Metals	1	1
Industries	3	1
Other	22	21
	139	129

Acquisition expenditure accounted for an outflow of \$3,719 million. The principal acquisitions included: Disputada by Base Metals; Mondi Europe's additional acquisition in Syktyvkar and part of the assets of La Rochette; Anglo Coal's participation in the purchase of the remaining 50% in Cerrejón Zona Norte, and its 51% participation in the Moura mine in Australia; Ferrous Metals' 9.6% shareholding in Kumba, a 25% interest in Avmin, and a 100% interest in Moly-Cop; Industrial Minerals' acquisition of Mavike and Durox; and AngloGold's increased interest to 92.5% in Cerro Vanguardia. The Group has also increased its interests in Anglo Platinum and Gold Fields.

Purchases of tangible fixed assets amounted to \$2,139 million, an increase of \$352 million from 2001. The major components of expansion were in Platinum, Industrial Minerals and Forest Products.

Analysis of capital expenditure by business segment (subsidiaries)

\$ million	2002	2001
Platinum	586	391
Gold	246	243
Coal	142	93
Base Metals	346	446
Industrial Minerals	363	205
Forest Products	365	283
Ferrous Metals	32	28
Industries	53	65
Other	6	33
	2,139	1,787

DIVIDENDS

The directors recommend a final dividend of 36 US cents per share to be paid on 30 April 2003. Dividends for the year will amount to 51 US cents per share, a 4% increase on the 2001 total dividend.

PLATINUM

\$ million	2002	2001 Restated
Total operating profit	802	1,345
Headline earnings	351	478
Net operating assets	3,580	1,847
Capital expenditure	586	391
Share of Group headline earnings (%)	20	28
Share of Group net operating assets (%)	17	13

Platinum's operating profit of \$802 million was \$543 million lower than in 2001. This was largely due to lower prices realised for palladium and rhodium and the stronger South African rand at the end of the year, which resulted in translation losses that exceeded the positive impact of the weaker average exchange rate for the year on rand based costs. Increases in the cost of sales were largely offset by the benefit of increased sales volumes in line with higher production.

Although the average realised dollar price for platinum of \$544/oz was \$18/oz higher than the 2001 figure, palladium and rhodium prices achieved were significantly lower at \$329/oz (2001: \$582/oz) and \$831/oz (2001: \$1,610/oz) respectively. Refined platinum production across the group increased by 141,900 ounces to 2.25 million ounces (excluding Northam). Costs at steady state operations were well controlled and benefited from the weaker South African rand. The cash operating cost per refined platinum ounce (unit cost) declined by 9.3% in dollar terms.

Amandelbult Section performed solidly and head grade and concentrator recovery both improved. Lebowa also performed well in 2002 and raised its production, head grade and concentrator recovery. Union Section maintained production levels. Rustenburg Section's production declined principally as a result of the incorporation of the Brakspruit, Bleskop and Paardekraal shafts in the Rustenburg UG2 Phase 1 project. The Rustenburg Section's smaller cost base was well controlled. In the first half of the year, Potgietersrust was negatively affected by a drop in mill head grade resulting from a low-grade intrusion in the south pit. An accelerated stripping programme, additional production from a new mini-pit and completion of the Ga-Pila village relocation during the year resulted in an increase in available ore reserves by year end, enhancing future mining flexibility.

The Rustenburg UG2 Phase 1 and Modikwa Platinum projects both commenced operations, while Bafokeng-Rasimone increased its production volumes materially, tonnes milled rising by 31.7%. Despite the relatively high unit costs at these operations as they build up to full production, they nevertheless contributed materially to operating profit.

The smelting, treatment and refining operations delivered an excellent performance in terms of throughput, recoveries and pipeline stock management during 2002.

At the Anglo Platinum Converting Process (ACP) project, which will set a new benchmark for the control of sulphur emissions, commissioning has progressed well and at year end the new plant was ready to commence matte converting operations. The second ACP reactor is scheduled to be commissioned during 2004.

Polokwane Smelter construction is complete and commissioning of the control system and plant has commenced. The furnace is planned to start producing matte for despatch to the ACP in May 2003.

Anglo Platinum remains committed to the expansion programme to produce at a rate of 3.5 million ounces of refined platinum per year by the end of 2006 in response to projected market demand. The Rustenburg Tailings Retreatment project and the Rustenburg UG2 Phase 2 project were announced in 2002 as part of the suite of projects both to maintain baseline production and to expand to 3.5 million ounces.

In the second half of the year, Anglo Platinum acquired a 17.5% stake in Johnson Matthey Fuel Cells Limited, enabling the group to pursue its strategy of stimulating demand and growing the market for platinum group metals while at the same time sharing in the returns that are expected to arise from the commercialisation of fuel cells.

Continuing strong demand has resulted in thin liquidity in the platinum market, with the price firming as a consequence. With growing demand for diesel vehicles, ever-tightening emissions legislation and China's continuing appetite for platinum jewellery, these conditions are expected to continue for 2003.

Despite reduced Russian shipments of palladium, its price has softened considerably. Reduced demand from the electronics sector coupled with the automotive industry's utilisation of inventory weighed heavily on the palladium price over the past 12 months. These conditions are likely to continue, making a sustained palladium price recovery unlikely.

Refined platinum production is planned to increase to 2.4 million ounces in 2003. Notwithstanding the planned increase in production, should dollar metal prices and the rand remain at current levels, then earnings for 2003 will be lower than those for 2002.

GOLD

\$ million	2002	2001 Restated
Total operating profit	463	443
Headline earnings	205	162
Net operating assets	2,511	2,086
Capital expenditure	246	243
Share of Group headline earnings (%)	12	10
Share of Group net operating assets (%)	12	14

AngloGold, an independently managed and 51.4% held subsidiary, is a major global gold mining company. The company has operations in South Africa, Tanzania, Mali and Namibia, as well as in North and South America and Australia.

AngloGold had a very good year in 2002. Operating profit was up 5% to \$463 million, despite gold production having declined by some 15% to 5.9 million ounces as a result of the sale of AngloGold's assets in the Free State province in South Africa in 2001. Headline earnings increased by 27% to \$205 million, mainly due to realised gains on non-hedge derivatives of \$28 million, net of minorities and taxation. Gold production (excluding the acquisition of the additional interest in Cerro Vanguardia in July 2002 and the disposal of the Free State, Elandsrand and Deelkraal assets in 2001) rose by 129,000 ounces to 5.88 million ounces (2001: 5.75 million ounces). Total cash costs decreased from \$178/oz (\$170/oz excluding Free State) to \$161/oz as a result of the rand's weakening against the dollar and the establishment of a robust suite of high-margin and low-cost assets.

In July 2002, AngloGold announced the acquisition of additional production of 120,000 ounces of gold per annum by doubling its stake to 92.5% in the Cerro Vanguardia gold/silver mine in Argentina for \$105 million.

AngloGold currently has five capital projects, two of which are now complete (Sunrise Dam in Australia and Cripple Creek & Victor in the USA) with the other three (Mponeng, TauTona and Moab Khotsoeng, all in South Africa) on track for completion on time, and to plan. Together, these projects are expected to yield some 15 million additional ounces of gold production over their lives.

In South Africa, there is also the prospect of a further 11 million additional ounces of gold reserves resulting from the possible development of six deep-level mining projects, currently under consideration. In addition to these projects, the company is studying the feasibility of two more ventures: the expansion of the Boddington operation in Australia and the deepening of the existing Cuiabá mine in Minas Gerais state in Brazil. These two have the capacity to add another 5.5 million ounces of gold to AngloGold's production base.

AngloGold's approach to hedging is affected by the continued strength of the gold price and the steady improvement in the company's operating performance over the past two years. In pursuit of this strategy, AngloGold rapidly reduced its hedging contracts by some 133 tonnes during 2001 and 2002 and as a consequence of the reduced need for the company to manage revenue through forward pricing, the board has encouraged the continuing management, restructuring and reduction of the hedge book.

The price of gold finished the year strongly, touching a high of \$349/oz in December. The factors which resulted in the gold price increase during 2002 included dollar weakness, international political tension, equity market declines and a reduction of producer hedging. This last factor has had the effect of both lowering gold producer selling in the spot market, and introducing some buying in the market. During the December quarter, the price was influenced most significantly by dollar weakness and the increasing possibility of conflict in Iraq. All of these factors that were positive for gold in 2002 remain firmly in place and there is good reason to expect higher gold prices in the year ahead.

Under the favourable price performance of gold, the physical market continued to show weakness throughout 2002. There has been a decline in physical demand for gold in both the jewellery and the investment sectors, with positive exceptions in only a few countries. Compounding this lower demand, scrap sales and gold recycling have increased sharply in the face of higher gold prices. The negative impact of these factors in the physical market has been mitigated to a degree by slightly lower new-mine production, and by the reduction in supply occasioned by the run-down in gold producer hedging referred to above. As is the case in all periods of rising gold prices and gold price volatility, the physical market should revive once the price returns to a stable trading range for a period of time. However, with further gold price volatility expected in 2003, a resurgence of physical demand should not be expected immediately.

DIAMONDS

\$ million	2002	2001
Total operating profit	541	373
Headline earnings	324	234
Share of Group headline earnings (%)	18	14

Total operating profit from 45% held and independently managed associate De Beers increased by \$168 million over the 2001 figure to \$541 million. De Beers' contribution to headline earnings rose by \$90 million, or 38%, from \$234 million to \$324 million. Diamond stocks were reduced by nearly \$1 billion during the year, which was the main contributor to the exceptionally strong operating cash flow of \$1.6 billion. This enabled De Beers to reduce the amount outstanding on its Senior Debt of \$3,550 million by \$1,065 million through the scheduled March 2002 repayment of \$355 million and a voluntary prepayment of \$710 million in December.

By the end of 2001, inventory of polished diamonds held by the retail trade had been significantly reduced and stocks of rough in the cutting centres were also low. During the first half of 2002, the retail sector reversed the trend of the previous year by replenishing polished inventory in anticipation of growth in consumer demand.

Consumer confidence, however, began to erode in the second half, especially in the USA, owing to fears of deflation, rising unemployment, sharply declining stock markets and the prospect of war in the Middle East. Nevertheless, global retail sales of diamond jewellery

for the year as a whole held up reasonably well and preliminary indications are that they were 3% higher than in 2001. Reports from the trade suggest that over the all-important Thanksgiving and Christmas season in the USA, jewellery sales outperformed general retail sales and that diamond jewellery outperformed the jewellery category. Good growth was reported from the Middle East, India, China and the UK, but continental Europe was flat. Japan continued to decline.

Throughout the year, demand for rough diamonds was strong as the cutting centres responded to the increased demand for polished diamonds from the retail trade and, encouraged by low interest rates, were prepared to finance higher levels of stock. These two factors, combined with the further advantage available to the clients of The Diamond Trading Company (DTC), the marketing arm of De Beers, of being offered consistent assortments of rough diamonds at competitive prices, enabled DTC sales to reach \$5.15 billion, 15.7% more than in 2001.

The combined total production of De Beers and its partners, Debswana and Namdeb, totalled 40.2 million carats (2001: 38.7 million carats). The Combined Treatment Plant in Kimberley, South Africa will be fully commissioned in 2003.

This year is likely to prove challenging for the diamond industry in view of continued geopolitical concerns and greater economic uncertainty. The DTC's sales prospects will depend on the timing and scale of global economic growth, a recovery in consumer confidence and the level of stocks that the trade pipeline will be comfortable to hold.

Following a detailed and constructive dialogue with the European Commission on its Supplier of Choice strategy, De Beers has received clearance from the Commission to proceed with its implementation.

The European Commission has formally communicated to the parties a number of its concerns relating to the five-year trade agreement between De Beers and the Russian diamond producer, Alrosa, which they notified to the Commission for clearance in March 2002. Both parties are committed to continuing to engage with the Commission to address the concerns it has raised.

COAL

\$ million	2002	2001
Total operating profit	427	493
South Africa	244	267
Australia	130	173
South America	50	49
United Kingdom	3	4
Headline earnings	266	387
Net operating assets	1,658	1,373
Capital expenditure	142	93
Share of Group headline earnings (%)	15	23
Share of Group net operating assets (%)	8	9

Operating profit declined by 13% to \$427 million, while headline earnings fell by 31% to \$266 million. Total sales increased by 7.1 million tonnes or 9% to 84.5 million tonnes. Although export metallurgical coal prices were marginally higher, reflecting a firmer market, export thermal coal prices were significantly lower in all regions, resulting in a net negative impact of \$56 million. Headline earnings were further adversely affected by \$45 million owing to the strengthening of the rand at the year end, in contrast to a gain of \$39 million in 2001 resulting from a weaker rand.

Operating profit from South African operations decreased by \$23 million to \$244 million, reflecting average thermal coal export prices which were 16% weaker, as well as the impact of higher inflation. This was offset by an 11% increase in export volumes, a weaker average rand for the year and some \$31 million derived from greatly improved operating efficiencies and cost savings. Operations at South African collieries were characterised by several exceptional production performances, particularly at Goedehoop and also at New Denmark, where longwall performance achieved record levels.

Total sales from South Africa at 48.8 million tonnes were 2.5 million tonnes higher. Domestic volumes were maintained at 30.6 million tonnes (2001: 30.0 million tonnes), with volume growth being achieved in export markets. Eskom demand is increasing as electricity demand growth continues and will be fully reflected in sales figures in the coming year. Some \$10 million of capital expenditure at operations was curtailed in response to market conditions, but will not impair the collieries' ability to meet production requirements in 2003.

In Australia, operating profit fell by 25% to \$130 million mainly owing to technical difficulties at the Dartbrook and Moranbah North mines. In May, Anglo Coal Australia (ACA) acquired 51% of the Moura mine from Mitsui; while in July, ACA divested 30% of its interest in the German Creek mine and 49% of its interest in the Theodore, Dawson and Taroom projects to Mitsui. ACA also secured entry into the pulverised coal injection market by acquiring an indirect 23% interest in the Jellinbah East mine. Attributable saleable coal production for 2002 was 25.0 million tonnes (2001: 24.3 million tonnes). Early in 2003, ACA acquired 70% of the Girrah coal deposit for \$33 million, with Mitsui acquiring the remaining 30%. The Girrah deposit is adjacent to German Creek and will realise significant financial and strategic benefits for ACA.

German Creek and Drayton performed well, whilst Callide's output was curtailed marginally following power station cutbacks owing to the harsh drought. Moranbah North had severe roof difficulties, compounded by equipment problems, for most of 2002. Dartbrook had similar challenges with roof conditions, which were exacerbated by gas and heating problems in the longwall section. Work continues on the development of the Grasstree and Kayuga projects. Small volumes of coal are now being produced at Kayuga and full production will be reached in 2004.

Attributable Australian sales were 28.2 million tonnes (2001: 25.8 million tonnes). Thermal coal prices continued to soften for the first nine months, improved slightly and then held steady, while hard coking coal prices remained firm throughout the year. The Australian dollar continued to firm against the US dollar, which had a negative effect on the operating results.

In South America, attributable operating profit was \$50 million compared with \$49 million in 2001. This performance reflected weak thermal coal prices, a cutback by the joint venture of some 4 million tonnes of Colombian production in response to market conditions, and the impact of the general strike in Venezuela. This was offset by the acquisition in February 2002 by the Anglo/BHP Billiton/Glencore consortium of the remaining 50% of the Cerrejón Zona Norte (CZN) operation.

In Colombia, attributable sales were 5.8 million tonnes (2001: 3.8 million tonnes). A review of capital expenditure has resulted in the rescoping of expansion plans at CZN and a focus on the use of existing assets to raise the present production capacity of 22 million tonnes per annum to 28 million tonnes by 2007.

In Venezuela, expectations of a better than plan performance were moderated by the general strike which paralysed the country from early December and which continued into 2003. Attributable sales reached 1.6 million tonnes (2001: 1.4 million tonnes).

The large increase in Chinese thermal coal exports in 2001 triggered a sharp fall in export thermal coal prices in the first half of 2002.

However, Chinese export performance in 2002 reflected a drop in thermal coal exports of 7.2 million tonnes and a rise in thermal coal imports of 5.9 million tonnes. As production cutbacks in other countries took effect and customer stocks dwindled, thermal coal prices stabilised before showing some improvement in the fourth quarter. Hard coking coal prices remained firm during the year.

BASE METALS

\$ million	2002	2001 Restated
Total operating profit/(loss) before exceptional items	133	(22)
Copper	110	2
Nickel, Niobium, Mineral Sands	94	56
Zinc	(51)	(57)
Head office expenses and other	(20)	(23)
Exceptional items	(51)	(488)
Total operating profit/(loss) after exceptional items	82	(510)
Headline earnings/(loss)	69	(18)
Net operating assets	3,617	1,977
Capital expenditure	346	446
Share of Group headline earnings (%)	4	(1)
Share of Group net operating assets (%)	17	13

Operating profit before exceptionals increased by \$155 million to \$133 million. The operating profit after exceptional charges was \$82 million compared with a \$510 million loss in 2001. Although metal prices were, with the exception of nickel, lower than in 2001, all three commodity divisions improved their financial performance, while exceptional losses were reduced significantly owing to reduced impairments.

Demand for base metals, with the partial exception of nickel, remained weak. The modest price improvement in the first half was largely driven by investment buying in anticipation of a strong economic recovery. From mid-year, however, increasingly downbeat economic data suggested the recovery in industrial production was going to be much slower than anticipated. This, together with weaker equity markets, saw prices fall. Refined metal inventories peaked in the first six months, but remained at very high levels in historical terms at year end.

Significant progress was made in restructuring and upgrading the asset portfolio. In September, Anglo American completed the orderly exit from Zambia Copper Investments (ZCI) and Konkola Copper Mines (KCM), incurring an additional exit cost of \$34 million (over and above the \$353 million write-off taken in 2001). The sale of Anglo American's 50% interest in the Salobo copper/gold project, 43% interest in Tati Nickel, 18% interest in BCL and 30% interest in the Kolwezi copper project were completed during the year. In January 2003 Anglo American announced that it had signed a Pre-Bid Agreement with a wholly-owned subsidiary of MatlinPatterson Global Opportunities Partners LP (MatlinPatterson), which subsequently launched a takeover offer for Anaconda Nickel Limited. Anglo American has now disposed of its entire rights entitlement and all of its shareholding in Anaconda for a total consideration of approximately \$17 million.

In November, Anglo American completed the acquisition of 100% of the Chilean copper producer Disputada from ExxonMobil for a net consideration of \$1.3 billion. Disputada is a world class integrated copper producer which in 2002 produced 249,600 tonnes of copper (in concentrate, cathode and anode form) at an average cash cost of 44 US cents/lb. Potential upsides include future expansion opportunities (over 300 million tonnes of additional resources at an average grade of 0.85% copper have been identified) and synergies with Mantos Blancos, which are expected to exceed a net present value of \$100 million.

The copper operations generated an operating profit before exceptional charges of \$110 million compared with \$2 million in 2001. The copper price averaged 70.6 US cents/lb against a 2001 average of 71.6 US cents/lb. Announcements of supply cutbacks and demand, which was broadly in line with 2002 due largely to a significant increase in imports of refined copper into China, resulted in a relatively modest surplus of around 150,000 tonnes.

Attributable production of copper was 497,700 tonnes against 534,000 tonnes in 2001 (468,700 tonnes excluding KCM), of which Disputada contributed 39,000 tonnes. Output at Collahuasi fell marginally. Mantoverde produced a record 57,300 tonnes of cathode, whilst at Mantos Blancos production fell some 5% to 96,200 tonnes owing to a reduction in the amount of oxide ore available for vat leaching. Notwithstanding lower grades, cash operating costs of all managed operations remain broadly unchanged year on year owing to tight cost control, favourable currency movements and steady treatment and refining charges.

In October, Collahuasi commenced construction of a new grinding circuit that will increase design throughput from 60,000 to 110,000 tonnes of ore per day. The increased throughput capacity, together with the previously announced transition from the Ujina to the Rosario deposit, will cost \$654 million and compensate for expected declining ore grade, enabling Collahuasi to maintain copper production around current levels.

At Disputada's Los Bronces, the expansion of mine and concentrator capacity to 54,000 tonnes per day is complete and the ramp-up to full production is progressing well.

Average nickel prices were 14% higher at 307 US cents/lb. Demand for primary nickel rose by some 6% on the back of a rebound in stainless steel production and a continuing constraint on scrap availability. The removal of Russian stocks from the market provided further support and the market posted a small surplus of 15,000 tonnes.

The nickel division, which was restructured to include the nickel, niobium and mineral sands operations, generated an operating profit of \$94 million (before exceptional charges of \$21 million) compared with a restated \$56 million in 2001. Attributable production of nickel totalled 25,600 tonnes (2001: 27,600 tonnes) despite the sale of Tati. Codemin increased output by 4%. Loma de Niquel made its first contribution to operating profits, having entered commercial production at the beginning of the year. Production rose 60% to 15,500 tonnes. It is anticipated that design capacity will be achieved in 2003. At Catalão, softer market conditions resulted in marginally lower production and sales.

Despite higher energy prices, the combination of tight cost control and favourable currency movements saw cash operating costs at all nickel division operations fall relative to 2001.

At Namakwa Sands, despite a modest recovery in titanium dioxide pigment demand, over-capacity and new entrants meant that prices remained under pressure. In contrast, 2002 was a good year for the zircon market and conditions improved in the pig iron market. Throughput rates at all processing plants rose, resulting in materially higher ilmenite and slag production, offset by slightly lower zircon and rutile production. The rand's strengthening in the second half of the year compared with the first half had a material impact on operating profits, which were 6% down on 2001.

Zinc prices, having fallen by 21% in 2001, fell by a further 12% to average 35.3 US cents/lb for the year. Zinc demand remained depressed throughout 2002. With refined metal output increasing by 4-5% and demand by less than 2%, the metal market was again in surplus, by approximately 300,000 tonnes. With virtually no smelter cutbacks, the surplus would have been even greater had it not been for lower refined metal exports from China.

The zinc division, which was restructured and no longer includes mineral sands, produced an operating loss of \$51 million (before exceptional charges of \$76 million) compared with a loss of \$57 million in 2001. Attributable zinc production rose from

165,600 tonnes to 211,500 tonnes. Lisheen operated above design throughput capacity and achieved record production levels on the back of improved mining operations, zinc grades and recoveries. Hudson Bay saw increased throughput and higher copper and zinc grades. Zinc cathode production rose by 19,700 tonnes to 108,100 tonnes. At Black Mountain, tonnage mined was maintained and zinc production rose by 14% owing to improved grades and recoveries. Cash operating costs at all operations fell as a result of volume effects and tight cost control.

The \$454 million Skorpion project remains within budget and is scheduled to commence commissioning during the first quarter of 2003. At Hudson Bay, the \$276 million 777 project remains on time and within budget, as does the \$110 million Black Mountain Deeps project.

The outlook for base metals remains uncertain. In the USA, industrial activity remains sluggish and many companies, faced with weak profits growth and over-capacity, have reduced headcount and postponed capital investment decisions. Consumer confidence is falling and uncertainties over terrorist attacks and a possible war in Iraq have further dampened sentiment. The outlook for base metals prices will remain weak until there is tangible evidence of a recovery in underlying demand and a sustained reduction in refined metal inventories.

INDUSTRIAL MINERALS

	2002	2001 Restated
\$ million		
Total operating profit	277	201
Europe	253	179
Brazil	24	22
Headline earnings	231	160
Net operating assets	3,848	3,246
Capital expenditure	363	205
Share of Group headline earnings (%)	13	10
Share of Group net operating assets (%)	18	22

Operating profit of \$277 million increased by 38% from the prior year. The Tarmac group was the principal contributor to this increase, achieving an operating profit of \$253 million, an improvement of 33% on the prior year's \$189 million. This was principally due to improved margins in the UK, despite mixed market conditions, and a continued focus on cost reduction, although acquisitions and the impact of exchange rate movements were also positive in the year. An improved profit from Copebrás, the Brazilian phosphate producer, and the sale of the loss-making UK based Cleveland Potash also contributed to the increase.

During the year Tarmac made 11 acquisitions for a total gross consideration of \$190 million. In the UK, these included Durox, a leading producer of aircrete blocks; Yorkshire Building Supplies, an aggregates bagging business; and Roseland, an aggregates and asphalt business in south west England. In France, Tarmac's concrete products business was strengthened by the acquisition of RMC's business, which also extended its scope to the south west. The acquisition of the Mavike aggregates and ready-mixed concrete business completed in October virtually doubled Tarmac's presence in Spain. In Poland, Tarmac has become the leading national supplier of concrete paving with the acquisitions of Gajkow and Unicon. In addition, in December, Tarmac acquired a 23% interest in Johnston Group plc, the UK listed construction materials and engineering group, for \$18 million.

In the UK, the major aggregates, asphalt, ready-mixed concrete and concrete products businesses all reported improved results. In particular, the asphalt business benefited from increased activity resulting from higher infrastructure investment. Prices also increased and the Aggregates Levy, introduced in April, was passed on in full to customers. The benefits of the cost reduction initiatives introduced in the previous year were also felt together with new initiatives implemented during the year.

Concrete block volumes in the UK showed a strong recovery on the previous year and prices also advanced. The pre-cast concrete and paving businesses improved, with the latter benefiting from a targeted move to increase the sales of premium products.

While the cement business at Buxton had a satisfactory year, the lime business was adversely impacted by the loss of a furnace at the Corus steel plant at Port Talbot, and the insolvency of a key customer. However, the strategy of focusing on higher added value products ensured that profit was only marginally down on the previous year.

In continental Europe, operating profit increased by 48%. The operations in Spain had another excellent year and the new Mavike business has started well. Central Europe recorded an improved result largely owing to acquisitions, efficiency improvements and good performances from the Polish paving and Czech Republic businesses. This was achieved despite continuing tough market conditions in Germany and Poland, which impacted the demand for aggregates.

In France, underlying profit was maintained at the 2001 level despite weaker market conditions and there was a first time contribution from the RMC concrete products business.

The Middle Eastern operations reported improved results arising from good market conditions mainly driven by the higher oil price. The Far East business had an improved year with higher activity levels in Hong Kong.

At the end of 2002, production commenced at Copebrás' new plant, which was constructed at a cost of \$128 million compared with a budgeted cost of \$147 million. The Buxton cement plant is scheduled to be completed towards the end of the year, within its budgeted cost of \$173 million.

The short term outlook for Tarmac is largely dependent on the private sector in the UK holding up relatively well, and government expenditure on infrastructure not being sacrificed as a result of events in the Middle East or government financing concerns. The increased focus on cost reduction and customer service should strengthen the Group's position.

In continental Europe, difficult trading conditions are expected to continue in Germany. However, in Poland the prospect of EU entry should lead to a gradual improvement in demand during the year as delayed infrastructure projects commence. Demand in the Czech Republic is expected to continue at 2002 levels. Along with additional cost reductions and the benefits of the acquisitions made in 2002, this should lead to a further improvement in the region's performance. In Spain, although the Madrid operations may see weaker demand from the residential sector, public sector investment should continue. In addition, the business is expected to benefit from the shortage of aggregates in the Madrid area. On the Mediterranean coast, demand is expected to remain strong, particularly from the public sector. In contrast, France may see some further weakening.

FOREST PRODUCTS

\$ million	2002	2001 Restated
Total operating profit	649	520
Europe	434	328
South Africa	215	185
Brazil	—	7
Headline earnings	376	272
Net operating assets	3,897	2,732
Capital expenditure	365	283
Share of Group headline earnings (%)	21	16
Share of Group net operating assets (%)	18	19

Operating profit was \$649 million, 25% higher than the 2001 figure of \$520 million, reflecting the benefit of acquisitions, higher volumes and margin improvement.

Mondi Europe continued its strong performance, achieving a 32% increase in operating profit to \$434 million. Despite difficult market conditions, the incremental profits arose from the successful integration of acquisitions, increased volumes and the sustained focus on profit improvement, cost reductions and innovation. There was further expansion in Europe, with the completion of two strategic acquisitions: an additional 78% interest in the Russian pulp and paper group Syktyvkar Forest Enterprises and, jointly with the Spanish group Saica, the business of the French corrugated packaging group La Rochette. Following the division of the La Rochette group, Mondi acquired three integrated plants, strengthening its corrugated packaging position in France and the UK. This has developed critical mass for Mondi Packaging in France.

In industrial packaging, the geographic diversity of the operational base and continued production rationalisation and cost reduction supported an improved earnings performance year on year, despite lacklustre demand from the western European construction sector.

The improved results from corrugated packaging operations were attributable to the combination of increased volumes, with full-year benefit from the rebuild of the PM5 at Swiecie in Poland in June 2001, the realisation of synergies following the integration of Danisco Packaging UK concluded in 2001 and the acquisition of the La Rochette operations effective from 1 July 2002. Markets remained very competitive.

In uncoated woodfree papers, demand from the office communication sector was firm for the first nine months, weakening in the last quarter. Prices remained relatively stable. This business sector reported record results, attributable to the realisation of the full synergy benefits arising from the integration of the Ruzomberok business in Slovakia. In February 2002, the group approved an expansion at Ruzomberok that will increase paper capacity to 430,000 tonnes by late 2003. With Mondi Europe's acquisition of the controlling interest in Syktyvkar, Neusiedler is now one of Europe's leading producers of uncoated woodfree paper.

Market conditions for newsprint deteriorated on the back of the downturn in global advertising expenditure. Although Aylesford Newsprint has focused on a reduction in costs, lower newsprint prices have led to lower operating profits.

Mondi South Africa increased operating profits by 16% to \$215 million, a consequence of increased volumes and improved margins. In the domestic market, strong demand and the weaker average rand against the dollar, which prevailed for most of the year, supported good volume growth and real increases in prices for graphic papers, packaging papers, board and converted products. In export markets, dollar prices were lower during the year for bleached eucalyptus kraft pulp and for woodchips. Packaging paper prices were higher in key European markets.

All the additional pulpwood required to support increased production was sourced from Mondi's owned and managed plantations, providing meaningful additional cash contribution. The higher demand for waste paper, by Mondi and other paper producers in South Africa, exerted upward pressure on waste paper prices and these increased by some 35% during 2002.

Good progress was made with projects to increase cut paper capacity at the Merebank mill in Durban. The new A4 cutter was commissioned in December and virtually all preparatory work was completed for the February 2003 shutdown and rebuild of the PM2.

Further progress was also made with disposals of non-core timber businesses – specifically, the sale of two further softwood sawmills and a reduction in the shareholding in Global Forest Products.

FERROUS METALS

\$ million	2002	2001 Restated
Total operating profit	150	77
Highveld Steel	38	6
Scaw Metals	51	31
Samancor	48	19
Other	13	21
Headline earnings	88	48
Net operating assets	461	220
Capital expenditure	32	28
Share of Group headline earnings (%)	5	3
Share of Group net operating assets (%)	2	1

The performance of Ferrous Metals improved significantly, with operating profit virtually doubling from \$77 million to \$150 million. This reflected solid underlying performance and the positive impact of the acquisitions made during the first half of 2002. World crude steel production increased by 6.4%, to 887 million tonnes from 834 million tonnes in 2001. International steel prices have shown a significant upswing since February 2002, triggered in part by safeguard measures introduced in the USA and the EU. From the business' perspective the most important factor was that steel consumption in South Africa rose by 17% to an estimated 4.7 million tonnes, the highest level since 1989.

Scaw Metals' operating profit was \$51 million, an increase of \$20 million which included an \$11 million contribution from the Moly-Cop forged grinding media operations acquired in 2002. Most operations performed well, with prices and demand for many of Scaw's products showing improvement. The major item of capital expenditure – a significant upgrade to Scaw's rolling mill – was successfully brought up to full output during the year. The group remains strongly cash positive.

Highveld Steel's operating profit at \$38 million improved significantly from \$6 million in 2001. Domestic sales of 570,000 tonnes surpassed the previous best year of 1997. Vanadium enjoyed mixed fortunes, with prices starting the year at their lowest levels in more than 25 years at \$6 per kilogram, rising to acceptable levels by mid-year, collapsing again during the third quarter to uneconomic levels, only to rebound at year end when the ferro-vanadium price rose to \$10 per kilogram following difficulties experienced by Russian producers.

In 40% held Samancor, manganese profits were higher than last year owing to greater ore and alloy sales volumes and lower production costs. Samancor chrome showed an improved operating performance, benefiting from a major restructuring programme which resulted in lower production costs. Ferrochrome prices for the year firmed over 2001.

Strategic shareholdings in Kumba and Avmin have been acquired for a total commitment of some \$600 million. Anglo American acquired a 20.1% shareholding in Kumba and has a right to acquire a further 10.0%, subject to approval from the Competition Tribunal of South Africa, thereby increasing its shareholding to 30.1%. In addition, Anglo American acquired 25.0% of Avmin and has a right, subject to approval from the Competition Tribunal, to acquire a further 9.9%, increasing its shareholding to 34.9%. These transactions were recommended unconditionally by the Competition Commission in South Africa, but are still subject to Competition Tribunal approval.

These acquisitions further Anglo American's strategic objective of securing a meaningful interest in the iron ore sector. In December, Anglo American signed a Memorandum of Understanding with the South African government, setting out an agreed approach to the exploitation of the iron ore deposits in the Northern Cape.

INDUSTRIES

\$ million	2002	2001 Restated
Total operating profit/(loss)	114	114
Tongaat-Hulett	96	112
Boart Longyear	31	30
Terra	(3)	(23)
Other	(10)	(5)
Headline earnings	38	38
Net operating assets	1,235	884
Capital expenditure	53	65
Share of Group headline earnings (%)	2	2
Share of Group net operating assets (%)	6	6

Industries maintained operating profit of \$114 million.

Boart Longyear's operating profit was \$31 million compared with \$30 million in 2001. Sales volumes increased by 4% after adjusting for disposals of non-core businesses. The first half of the year was very slow, but exploration activity increased sharply in the second six months following five years of declining exploration expenditure. The results of restructuring in southern Africa and Europe were reflected in improved profit from those regions. Operating cash flow remained strong.

Tongaat-Hulett's operating profit was \$96 million, which although increasing in rand terms, decreased in dollar terms when compared with \$112 million in 2001. Favourable growing conditions in the African sub-continent resulted in total sugar production reaching 1,271,000 tonnes in 2002, 16% up on the 2001 production of 1,097,000 tonnes. The sugar division achieved higher rand earnings. The starch and glucose operation continued to improve its profitability to register higher rand earnings. Its performance was underpinned by South African domestic growth of 9.6% in 2002 (2001: 3%). Sound market entry strategies have seen the aluminium operation expand its exports to 55 countries from 15 only four years ago. Against a background of depressed demand and pressure on rolling margins, the aluminium division increased its rand earnings, while rand turnover increased by 28%.

Terra recorded a reduced attributable operating loss of \$3 million compared with a \$23 million loss in 2001. There was a resumption of normal demand levels in US markets following a reduction in overall demand during 2001 in response to high fertiliser prices and low grain prices. The rise in demand allowed Terra to operate its plants at 97% of capacity (in contrast to 81% of capacity in 2001), which reduced the average cost of production. The increase in production rates was the principal factor behind improved sales volumes, revenues and operating results. Average selling prices declined from 2001 levels, but were mostly offset by lower natural gas costs.

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. 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 independently managed by AngloGold.

CURRENCY RISK

Anglo American publishes its financial statements in US dollars, and a substantial proportion of the Group's sales are denominated in dollars. As a result, a large component of the Group's net debt is denominated in dollars.

However, Anglo American conducts business in many 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, joint ventures and associates whose functional currency is not the US dollar.

Anglo American retains a significant proportion of its assets within subsidiaries, joint ventures and associates located in countries, principally South Africa, where the local currency is treated as the functional currency and is used for reporting purposes.

In the consolidated financial statements, the exchange differences arising on the translation of net assets of these non-dollar denominated subsidiaries, joint ventures and associates less any offsetting exchange differences on foreign currency financing of these assets, are dealt with in reserves in accordance with SSAP 20 'Foreign currency translation'. Accordingly, the currency translation differences of \$2,531 million recorded in note 25 have been reported through the consolidated statement of total recognised gains and losses on page 32 and appear as an increase in shareholders' funds. These differences do not affect the consolidated profit and loss account or the consolidated cash flow statement.

The currency translation differences which have arisen are mainly attributable to the appreciation of the South African rand against the dollar since 1 January 2002, although the appreciation of the Australian dollar, euro and sterling against the dollar have also contributed.

The non-dollar denominated businesses actually derive the majority of their revenues in dollars, whilst the majority of their costs continue to be incurred in their local currency. To this extent, the currency appreciation does not impact on the real underlying value of the non-dollar denominated assets within these businesses. Furthermore, the cash generating ability of these assets is not affected by the currency adjustments described herein.

If the South African rand and other currencies appreciate or depreciate against the dollar in future reporting periods, currency translation differences will continue to appear as an increase or a reduction in shareholders' funds, respectively. However, to the extent that the non-dollar denominated assets continue to derive their revenues in dollars, these potential exchange differences are not expected to impact the profitability of Anglo American or to affect the ability of the company to pay future dividends.

Exchange rates against the US dollar

Average	2002	2001
South African rand	10.48	8.62
Pound sterling	0.67	0.69
Euro	1.06	1.12
Australian dollar	1.84	1.93
Year end		
South African rand	8.58	11.96
Pound sterling	0.62	0.69
Euro	0.95	1.12
Australian dollar	1.79	1.96

INTEREST RATE RISK

Anglo American is exposed to interest rate risk, in particular to changes in dollar, 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 2002, the Group had available undrawn, committed borrowing facilities totalling \$3,990 million (see note 22(c)).

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2002.

This directors' report should be read in conjunction with the chairman's statement, chief executive's statement, operations review and social responsibility report contained in the Annual Review and the financial review and the remuneration report contained in this Annual Report. These include information on all the individual business sectors of the Group, its joint ventures 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 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'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 15 US cents per ordinary share was paid on 11 October 2002. The directors recommend a final dividend of 36 US cents per ordinary share. This will make a total for the year to 31 December 2002 of 51 US cents per ordinary share. Subject to the approval of shareholders at the annual general meeting to be held on Friday, 25 April 2003, the final dividend will be payable on Wednesday, 30 April 2003 to shareholders registered in the books of the Company at the close of business on Friday, 14 March 2003.

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 \$8,551,577.

AUTHORISED SHARE CAPITAL

At the annual general meeting of the Company held on 10 May 2002, the Company's authorised share capital was increased from \$733,893,716 and £50,000 to \$1,000,000,000 and £50,000 by the creation of 532,212,568 new ordinary shares of \$0.50 each.

During the year there was no change to the authorised preference share capital of the Company of 50,000 preference shares of £1 each.

ISSUED SHARE CAPITAL

During the year a total of 1,711,833 ordinary shares were allotted in respect of employee share schemes. The undermentioned shares were allotted on the dates and at the prices shown to certain non-executive directors (or their nominees) by subscription of their after-tax directors' fees:

Date (2002)	Number of shares	Price per share
3 January	2,557	£10.55
3 April	2,161	£11.57
1 July	1,607	£11.22
1 October	3,165	£7.91

Consequently, at 31 December 2002, the issued ordinary share capital of the Company amounted to 1,469,156,171 ordinary shares of \$0.50 each. There was no change during the year to the issued preference share capital of the Company of 50,000 5% cumulative preference shares of £1 each. As at 27 February 2003, the issued ordinary share capital of the company was 1,469,734,355 ordinary shares.

The authorised and issued share capital of the Company is also set out in note 24 on pages 54 to 56.

Details of interests of 3% or more in the ordinary share capital of the Company are shown in the shareholder information section of the booklet enclosed herewith.

CONVERTIBLE BOND ISSUE

On 17 April 2002, the Company issued \$1,100,000,000 3.375% Convertible Bonds due 17 April 2007. The total number of ordinary shares of \$0.50 each which could be issued on conversion is 47,589,607.

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 12 to 14. The directors' remuneration report as set out on pages 15 to 27 will be proposed for approval at the annual general meeting to be held on 25 April 2003. In accordance with the Directors' Remuneration Report Regulations 2002, the vote on such resolution is advisory and no director's remuneration is conditional upon the passing of the resolution.

DIRECTORATE

The following directors held office during the year to 31 December 2002.

J Ogilvie Thompson	non-executive chairman (retired 30 November 2002)
Sir Mark Moody-Stuart	non-executive director (appointed 16 July 2002 and as non-executive chairman with effect from 1 December 2002)
A J Trahar	chief executive
A W Lea	finance director
B E Davison	executive director
W A Nairn	executive director
Sir David Scholey	senior independent non-executive director
D J Challen	non-executive director (appointed 9 September 2002)
Viscount Davignon	non-executive director (retired 10 May 2002)
Dr C E Fay	non-executive director
R M Godsell	non-executive director
G Lindahl	non-executive director and, until 12 March 2002, deputy chairman
R J Margetts	non-executive director
N F Oppenheimer	non-executive director
F T M Phaswana	non-executive director (appointed 12 June 2002)
Prof K A L M Van Miert	non-executive director (appointed 18 March 2002)
P S Wilmot-Sitwell	non-executive director (retired 10 May 2002)

Further details of the directors' specific responsibilities and other directorships are set out on pages 20 and 21 of the Annual Review.

In terms of the Company's Articles of Association, Sir Mark Moody-Stuart, D J Challen and F T M Phaswana, who were appointed to the board since the last AGM, retire from the board at the forthcoming AGM and offer themselves for election. Sir David Scholey retires by rotation at the forthcoming AGM and, being eligible, offers himself for re-election.

Details of the directors' interests in any Group company can be found in the remuneration report on pages 15 to 27.

SUSTAINABLE DEVELOPMENT

The 'Report to Society 2002' will be available from the Company in April.

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 contracts are entered into with suppliers.

POST BALANCE SHEET EVENTS

In January 2003 Anglo American announced that it had signed a Pre-Bid Agreement with a wholly-owned subsidiary of MatlinPatterson Global Opportunities Partners LP (MatlinPatterson), which subsequently launched a takeover offer for Anaconda Nickel Limited. Anglo American has now disposed of its entire rights entitlement and all of its shareholding in Anaconda for a total consideration of approximately \$17 million.

In January 2003 Anglo Coal (German Creek) Pty Ltd, a wholly-owned subsidiary of Anglo American, agreed to purchase a 70% interest in the Girrah coal deposit in Central Queensland from Wesfarmers Curragh Pty Limited for a cash consideration of \$33 million. The transaction is subject to the approval of the transfer of the mine development lease and approval by the Environmental Protection Agency (EPA). This is expected to be finalised in the first quarter of 2003.

In February 2003 Anglo American implemented its option to acquire a further 10.5% of Kumba Resources Limited through Stimela Mining Limited. As a result, Anglo American's shareholding in Kumba increased to 20.1%, with a further 10.0% awaiting competition and regulatory approvals.

In February 2003 Anglo American successfully renegotiated its bank borrowings in respect of Lisheen (59% effective interest). Under the agreement, Anglo American will own 100% of the bank debt and it will also acquire full security over the operation.

EMPLOYMENT AND OTHER POLICIES

The Anglo American Group, which operates in 61 countries throughout the world, is managed along decentralised lines. Each key operating business is empowered to manage within the context of its own industry, and the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*.

Within all Anglo American's businesses, the safe and effective performance of all employees, and the maintenance of positive employee relationships are of fundamental importance. Managers of Anglo American's businesses 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, physical punishment or other abuse;
- > continual promotion of safe and healthy working practices;
- > promotion of workplace equality and elimination of all forms of unfair discrimination;
- > provision of opportunities for employees to enhance their work-related skills and capabilities;

> recognition of the right of our employees to freedom of association; and

> adoption of fair and appropriate procedures for determining terms and conditions of employment.

In March 2002, Anglo American adopted *Good Citizenship: Our Business Principles* which sets out standards of conduct on a range of ethical, human rights and social policy issues. In addition, operations may seek to achieve specific industry benchmark standards, and to embrace related workplace programmes and social initiatives. Copies of the *Good Citizenship: Our Business Principles* booklet are available from the registered office of the Company and may be accessed on the Company's website -- www.angloamerican.co.uk.

DONATIONS

During the year, Anglo American and subsidiaries made charitable donations of \$28.8 million, of which \$1.4 million was donated in the UK. A review of charitable donations and the contribution by Anglo American companies to local communities is contained in the Annual Review. No donations were made in the UK during 2002 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 Friday, 25 April 2003 at The Conference Centre, Church House, Dean's Yard, Westminster SW1P 3NZ. The notice convening the meeting is set out in the separate booklet enclosed with this report. In addition to the ordinary business of the meeting (which includes a resolution to approve the directors' remuneration report), as special business, shareholder consent will be sought to renew the directors' existing authorities to:

(i) allot relevant securities up to an aggregate nominal amount of \$240,000,000 (equivalent to 480,000,000 ordinary shares of \$0.50 each). This authority, which the directors have no present intention of exercising (other than for employee share schemes and for the allotment of ordinary shares to certain non-executive directors by subscription of their after-tax directors' fees) represented 32.7% of the ordinary share capital at 27 February 2003;

(ii) allot equity securities for cash up to an aggregate nominal amount of \$31,250,000 (equivalent to 62,500,000 ordinary shares of \$0.50 each), being 4.3% of the ordinary issued share capital in issue at 27 February 2003; and

(iii) make market purchases of up to a maximum of 145,000,000 ordinary shares of \$0.50 each of the Company at a price not less than \$0.50 and not exceeding 105% of the average middle market closing price of such shares on the London Stock Exchange on the five dealing days prior to the date of repurchase. The directors have no present intention of exercising this authority and would only do so if it would result in an increase in earnings per share and was in the best interests of shareholders generally. The total number of options to acquire shares outstanding at 27 February 2003 was 46,759,276 (excluding ordinary shares which could be issued on conversion of the convertible bonds referred to above), which represents 3.2% of the issued ordinary share capital at that date. If the Company were to buy back the maximum number of shares permitted pursuant to this resolution, then the total number of options to subscribe for shares outstanding would represent 3.5% of the reduced issued share capital.

By order of the board

Nicholas Jordan
Company Secretary
27 February 2003



COMPLIANCE STATEMENT

The directors have determined that the Anglo American Group should adhere to the highest standards of corporate governance and they are accountable to the shareholders for doing so. The key principles underpinning the governance of the Group are set out in this statement.

An effective system of control aimed at managing business risks is an integral component of the Group's governance practices, details of which are provided in the internal control section below.

Throughout the year ended 31 December 2002 the Company has been in compliance with the provisions set out in the Principles of Good Governance and Code of Best Practice of the Combined Code on Corporate Governance issued by the Financial Services Authority. Details on the application of the principles of Section 1 of the Combined Code are set out 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, at least six times a year. During 2002, eight board meetings were held. The board considers issues of strategic direction, major acquisitions and disposals and approves major capital expenditure and other matters having a material effect on Anglo American. Presentations are made to the board by business 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. The board comprises four executive and ten non-executive directors, seven of whom are independent within the definition contained in the Higgs Report of the role and effectiveness of non-executive directors (Higgs Report) published in January 2003. The independent directors are Sir Mark Moody-Stuart, D J Challen, F T M Phaswana, Prof K A L M Van Miert, Dr C E Fay, G Lindahl and R J Margetts. The other non-executive directors are R M Godsell, N F Oppenheimer and Sir David Scholey. On 30 November 2002, J Ogilvie Thompson retired as non-executive chairman and was succeeded by Sir Mark Moody-Stuart.

Following publication of the Higgs Report, although the board believes that Sir David's relationship with UBS Warburg, the Company's joint broker, in no way affects his ability to act independently, it was felt that it was preferable that another board member should fill the role of senior independent non-executive director. Accordingly, with effect from the AGM, R J Margetts will be appointed as the senior independent non-executive director.

Anglo American's directors have a wide range of expertise as well as significant experience in financial, commercial and mining activities. As recommended by the Combined Code, F T M Phaswana and Prof K A L M Van Miert, who were appointed directors during the year, undertook an induction and training course at a New Directors' Workshop and all newly appointed directors will be offered the opportunity of attending similar future workshops.

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 and the executive vice president responsible for Group human resources and business development. 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), B E Davison, R J King, 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), D J Challen, Dr C E Fay and F T M Phaswana.

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 same throughout the Group. The Committee normally meets four times each year, including a visit to an operation. A separate 'Report to Society 2002' will be available from the Company in April.

The SHE Committee presently comprises: Dr C E Fay (chairman), B E Davison, R M Godsell, G Lindahl, Sir Mark Moody-Stuart, W A Nairn and A J Trahar. With effect from 25 April 2003, Sir David Scholey will join the Committee.

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 Committee meets as required.

The Investment Committee presently comprises: A W Lea (chairman), W A Nairn and P G Whitcutt (executive vice president responsible for Group corporate finance).

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: Sir Mark Moody-Stuart (chairman), R J Margetts, Sir David Scholey and N F Oppenheimer. With effect from 25 April 2003, Sir Mark Moody-Stuart will be succeeded as chairman by F T M Phaswana and Prof K A L M Van Miert will join the Committee. The appointment of F T M Phaswana and Prof K A L M Van Miert will broaden the Committee's international outlook.

AUDIT COMMITTEE

Role and responsibilities

The primary role of the Audit Committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management and internal control system is maintained. In pursuing these objectives the Audit Committee oversees relations with the external auditors, and reviews the effectiveness of the internal audit function.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the Audit Committee has reviewed accounting principles, policies and practices adopted in the preparation of public financial information and has examined documentation relating to the Annual Report, Annual Review, Interim Report, preliminary announcements and related public reports. The clarity of disclosures included in the financial statements was reviewed by the Audit Committee, as was the basis for significant estimates and judgements. In assessing the accounting treatment of major transactions open to different approaches, the Committee considered written reports by management and the external auditors.

The chief financial officers of all operations have provided confirmation, on a six-monthly basis, that financial and accounting control frameworks operate satisfactorily. Summaries of the significant risk and control issues arising from these reports were considered by the Audit Committee. The Audit Committee also received regular internal and external audit reports on the results of audits. Further information on risk management processes is provided in the internal control disclosure statement on page 14.

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

For the purpose of reviewing the actual fees for audit and non-audit work for the Group during 2002, the Audit Committee considered benchmark information pertaining to FTSE100 companies and has concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence.

After reviewing a report presented by the external auditors on all relationships between the external auditors and Anglo American that may reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Audit Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2002 interim review, audit and the applicable levels of materiality. Based on written reports submitted, the Audit Committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters have been satisfactorily resolved.

The Audit Committee's assessment of the external auditors' performance and independence underpins its recommendation to the board to propose to shareholders the re-appointment of Deloitte & Touche as auditors until the conclusion of the AGM in 2004.

Each internal audit function reports directly to an audit committee at business or listed company level and is accountable for maintaining Group auditing standards, including risk reporting. Internal audit functions' mandates and annual audit coverage plans were approved by the relevant audit committees, which have considered reports on the results of internal audit work. A summary of audit results and risk management information was presented, throughout the year, to the Anglo American Audit Committee. Also tabled were reports submitted by the Group's head of internal audit on internal audit functions' performance against Group standards.

Composition of the Audit Committee

The Committee comprises independent non-executive directors. Current members and those who retired during the year, with their respective dates of appointment and retirement, are:

R J Margetts (chairman)	19 March 1999 appointed chairman 10 May 2002
D J Challen	9 September 2002
Dr C E Fay	4 June 2001
F T M Phaswana	2 September 2002
Prof K A L M Van Miert	10 May 2002
Viscount E Davignon	19 March 1999 retired 10 May 2002

Appointments to the Audit Committee are made by the board in consultation with the Audit Committee chairman.

With effect from 25 April 2003, D J Challen will replace R J Margetts as chairman. For continuity reasons R J Margetts will continue as a committee member.

As required by the Audit Committee's terms of reference, the Committee met three times during 2002 to coincide with key dates within the financial reporting and auditing cycle. All members were present at these meetings, which were followed by discussions, independent of management, with the external audit partners and the head of internal audit.

Details of remuneration paid to members of the Audit Committee, including the additional fee paid to the chairman of the Audit Committee, are set out on page 21.

Policy on external auditors' independence

Anglo American's policy on auditors' independence, which came into effect on 1 January 2003, is consistent with the recommendations by the Co-ordinating Group on Audit and Accounting Issues (United Kingdom), published on 29 January 2003.

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- > results in auditing of own work by the auditors;
- > results in the auditors acting as a manager or employee of the Group;
- > puts the auditors in the role of advocate for the Group; or
- > creates a mutuality of interest between the auditors and the Group.

Anglo American has elected to address this issue through two primary measures, namely disclosure of the extent and nature of non-audit services and the prohibition of selected services. Disclosure entails reporting non-audit services at all meetings of the Group's audit committees and inclusion, as from next year, of prescribed detail in the Annual Report of listed entities. The policy's definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence.

Other safeguards encapsulated in the policy include:

- > the external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and for any key audit principal seven years.
- > any partner designated as a key audit principal of Anglo American will not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.
- > the Audit Committee shall ensure that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated.
- > the Audit Committee has primary responsibility for making recommendations to the board on the appointment, reappointment and removal of the external auditors.
- > the Audit Committee has the authority to engage independent counsel and other advisors as they determine necessary in order to resolve issues on auditor independence.

DIRECTORS' REMUNERATION

The directors' remuneration report, providing a statement on Anglo American's policy on executive directors' remuneration, benefits, share options, long term incentive plan and pension entitlements, is set out on pages 15 to 27 of this Annual Report. A resolution to approve the remuneration report will be proposed at the forthcoming annual general meeting.

RELATIONS WITH SHAREHOLDERS

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders, sell-side analysts and relationship banks. The Investor and Corporate Affairs department manages the ongoing dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme with potential shareholders is also maintained.

During the year there have been regular presentations and meetings with institutional investors in the United Kingdom, South Africa, Europe and the United States of America to communicate the strategy and performance of Anglo American. Executive directors as well as key corporate officers host such presentations and meetings. The Company's 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 annual general meeting, notice of which is contained in the booklet enclosed herewith, to put questions to the board, including the chairmen of the various committees. Facilities have been put in place to enable shareholders to receive company communications electronically rather than by mail and to cast their AGM votes by telephone or by electronic means.

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 6 to 11 of the Annual Review, and the financial review set out on pages 2 to 9 of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 28 and 29. As referred to in the directors' report on page 10, the directors have expressed their view that Anglo American's business is a going concern.

INTERNAL CONTROL DISCLOSURE

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, is 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 financial, operational and compliance risk, which could undermine the achievement of business objectives. This system of risk management is designed so that the different businesses 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 13 significant Group-wide risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, the Executive Committee and the board.

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 quarterly, 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. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. In addition, certain board committees focus on specific risks such as safety of people and capital investment and provide assurance to the board on those matters. The chief financial officers provide confirmation, 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 on risk and internal control throughout the Group. The Anglo American internal audit function is responsible for providing independent assurance to the Executive Committee and the board on the effectiveness of the risk management process throughout the Group.

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 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 during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group.

THE REMUNERATION COMMITTEE

Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the board on:

- > the Company's general policy on executive and senior management remuneration;
- > the specific remuneration packages for executive directors of the Company including, but not limited to, basic salary, performance-based short and long term incentives, pensions, and other benefits; and
- > the operation of the Company's share incentive schemes.

Membership of the Remuneration Committee

The Remuneration Committee included the following non-executive directors during the year ended 31 December 2002:

- > R J Margetts (chairman);
- > D J Challen (appointed on 9 September 2002);
- > Dr C E Fay;
- > F T M Phaswana (appointed on 12 June 2002);
- > Sir David Scholey (resigned on 19 July 2002); and
- > P S Wilmot-Sitwell (retired on 10 May 2002).

The Committee met five times during 2002. The Company chairman and the chief executive attend the Committee meetings and assist the Committee in its considerations, except when issues relating to their own compensation are discussed. No director is involved in deciding his own remuneration. In 2002 the Committee was advised by R J King and C B Corrin (Group human resources), the Company's finance function and the following external advisors:

- > Andersen – appointed by the Company with the agreement of the Committee in January 2001 to advise on executive remuneration and assist with the implementation of employee share plans. Andersen ceased to exist with effect from 31 July 2002, and accordingly did not provide advice after this date;
- > Ernst & Young LLP – appointed by the Committee in September 2002 as independent advisors to the Committee on compliance with the Directors' Remuneration Report Regulations 2002;
- > Monks Partnership (a subsidiary of PricewaterhouseCoopers) – appointed by the Company with the agreement of the Committee to provide market remuneration information throughout the year; and
- > Towers Perrin UK – appointed by the Company with the agreement of the Committee in October 2002 to provide market remuneration information.

Mercer Human Resource Consulting UK (Mercer) is engaged by the Committee to review the Company's Remuneration Committee processes on an annual basis in order to provide shareholders with assurance that the remuneration processes that the Company and the Committee have followed are in line with stated policy as set out below, and that the Committee has operated within its Terms of Reference. A summary of the letter from Mercer containing the conclusions of their review of the Company's executive remuneration processes for 2002 can be found on page 27, whilst the full letter can be found on the Company's website.

In 2002 the advisors to the Remuneration Committee provided other services to the Company in the UK on the following basis:

Advisors	Nature of other services
Andersen	Advice on the cost and sourcing of share schemes
Ernst & Young LLP	General tax advice
PricewaterhouseCoopers	Taxation and payroll advice; investment advisors, administrators and actuaries for various UK pension schemes; advisors on internal audit projects
Towers Perrin UK	–
Mercer	Investment advisors and actuaries for various UK pension schemes

Certain overseas operations within the Group are provided with audit and non-audit related services from Ernst and Young's and PricewaterhouseCoopers' worldwide member firms. The Company's auditors, Deloitte & Touche, have not provided advice to the Committee.

REMUNERATION POLICY

Principles of executive remuneration

Anglo American's remuneration policy is formulated to attract and retain high calibre executives and motivate them to develop and implement the Company's business strategy in order to optimise long term shareholder value creation. It is the intention that this policy should conform to best practice standards and that it will apply for 2003 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- > total rewards will be set at levels that are competitive within the relevant market;
- > total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests over the short, medium and long term;
- > incentive plans, performance measures, and targets will be structured to operate soundly throughout the business cycle; and
- > the design of long term incentives is prudent and does not expose shareholders to unreasonable financial risk.

During the year the Committee chairman, and C B Corrin acting on his behalf, have consulted with representatives of the principal investors in the Company on a variety of issues relating to this policy.

Elements of executive director remuneration

Executive director remuneration comprises the following five principal elements:

- > base salary;
- > annual bonus plan;
- > share option scheme;
- > long term incentive plan (LTIP); and
- > benefits.

The Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive director remuneration, and between those aspects of the package linked to short term financial performance and those linked to longer term shareholder value creation. It is intended that, assuming on target performance, around 50% (around 60% for the CEO) or more of executive director remuneration is performance related. The Committee considers each element of remuneration relative to the market and takes into account the performance of the Company and the individual executive director in recommending quantum and design.

The policy relating to each component of remuneration is summarised below:

Base salary

The base salary of the executive directors is subject to annual review and is set to be competitive at the median level with reference to external market practice in similar companies, based in the UK and overseas, which are comparable in terms of size, market sector, business complexity and international scope. Company performance, individual performance and changes in responsibilities are also taken into consideration when determining annual base salaries.

Annual bonus plan

All executive directors are eligible to participate in an annual bonus plan, with payment levels based on corporate and individual performance. Bonus potentials are set on an individual basis and in the light of market movement and for the last year were capped at 70% of base salary for the chief executive, 60% for B E Davison and 50% for other directors. The bonus plan is not pensionable. The Committee retains the discretion to make adjustments to bonuses earned at the end of the year on an exceptional basis, taking into account both Company performance and the overall and specific contribution of individual executives to the Company's success. This discretion was not used this year. Similarly, the level of bonuses payable is reduced if certain overall safety improvement targets are not met, and some reduction did apply this year.

The performance measures for the annual bonus plan include measures of corporate (and, where applicable, business) performance as well as the achievement of specific individual objectives. The corporate element is based upon stretching Earnings Per Share (EPS) targets. EPS is calculated in accordance with Financial Reporting Standard (FRS) 14, using the headline earnings measure, the definition of which can be found on page 44. The Committee reviews measures annually, after consultation with the chairman and chief executive, to ensure that the measures and targets set are appropriate given the economic context and the performance expectations for the Company and its operating businesses. It is the Committee's usual policy to base 70% of each annual bonus award on the corporate or business measure and the remaining 30% on the personal key performance measures.

In order to encourage directors to build up a significant personal stake in the Company, a share match is used. Directors are required to defer 50% of their bonus and may, at the discretion of the Committee on a year-by-year basis, defer all of their bonus (net of tax) to acquire shares in Anglo American. If these shares are held for three years they will be matched by the Company on a one-for-one basis conditional upon the executive director's continued employment. Use of this share match has allowed Anglo American to maintain competitiveness in annual bonus plan levels, encouraging executives to invest in the shares of the Company and thus increasing the proportion of executive director rewards linked to both short term performance and longer term total shareholder returns. The bonus deferral and share match also acts as a retention tool, and ensures that executive directors share a significant level of personal exposure to the Company's share performance.

Share option scheme

The Committee's policy is to make annual grants of share options to executive directors up to a maximum of one times' annual remuneration for all directors except for the chief executive, to whom the Committee's policy is to make annual grants of share options with a market value of up to one and a quarter times' annual remuneration. In exceptional circumstances these maximum grant levels may be increased at the Committee's discretion. All share options are granted at market value at the time of grant.

Options are granted as Inland Revenue approved (Approved Options) and unapproved options (Unapproved Options). The exercise of the options is subject to Anglo American's EPS (calculated in accordance with FRS 14, based on the Company's headline earnings measure) increasing by at least 6% above the UK Retail Price Index over a three year period. EPS was selected as the key performance measure for this plan as it is a fundamental financial performance indicator, both internally and externally. The EPS growth requirement takes account of the cyclical nature of the natural resources business. If the performance condition is not met at the end of the first three year period, then performance is retested each year over the ten year life of the option on a rolling three year basis. Options are normally exercisable, subject to satisfaction of the performance condition, between three and ten years from the date of grant.

Executive directors are also eligible to participate in the Company's Save As You Earn (SAYE) and Share Incentive Plan (SIP) schemes, which are open to all UK employees.

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**REMUNERATION REPORT
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Long term incentive plan (LTIP)

It is the Committee's policy to make conditional LTIP awards to executive directors annually. These awards are discretionary and are considered on a case-by-case basis. The policy of the Committee at present, and in recent years, is to make annual awards of LTIP interests over shares with a face value of 120% of basic salary for the chief executive and 100% of basic salary for the other executive directors. However, in exceptional circumstances and in order to accommodate changing market conditions, awards may be made to each executive director of up to a maximum of two times' basic salary per annum.

Vesting of LTIP awards is subject to the achievement of stretching performance measures relating to Total Shareholder Return (TSR) and to an operating measure, initially Return On Capital Employed (ROCE), over a fixed three year period. 50% of the award for all directors, except B E Davison, is subject to the Group TSR measure and 50% to a Group ROCE measure. Vesting of B E Davison's award is conditional upon the same TSR performance measure; however, only 30% of the award is conditional upon the Group ROCE measure, with the balance of 20% of the award being conditional upon an Anglo American Platinum Corporation Limited (Anglo Platinum) ROCE measure. This reflects his responsibility for the Anglo Platinum business. These performance conditions are selected on the basis that they clearly foster the creation of shareholder value, and there is no provision for retesting.

The Committee may amend the performance condition applying to any award, provided that the amended conditions are no less demanding and will be a fairer measure of performance or will provide a more effective incentive to the participant, and that circumstances merit such a change. At the end of each performance period, the level of performance achieved and the level of award earned will be published and be subject to external verification by the Company's auditors.

The LTIP closely aligns the interests of shareholders and executive directors by rewarding superior shareholder and financial performance and by encouraging executives to build up a shareholding in Anglo American.

Detailed structure of the LTIP

Part of each award will be based on the TSR measure and part will be based on the operating measure, as described below:

Performance measures

	Performance measure % of LTIP award conditional on performance		
	TSR	Group ROCE	Anglo Platinum ROCE
Executive directors			
A J Trahar – chief executive	50%	50%	–
B E Davison (with divisional responsibility for Anglo Platinum)	50%	30%	20%
A W Lea	50%	50%	–
W A Nairn	50%	50%	–

Further details of the TSR and ROCE operating measures are set out below

Total Shareholder Return

The proportion of shares vesting in relation to the part of the award contingent on TSR performance varies according to the Company's TSR over the performance period relative to a weighted basket of international natural resource companies (the 'Index'). The Index comprises three categories, and each of the three categories is weighted to reflect Anglo American's business mix, and the average TSR of the Index is thus determined. The first category consists of a minimum of five international diversified mining companies, the second of a minimum of five international forest products companies and the third a minimum of four international industrial minerals companies. The Committee may amend the list of comparator companies in the Index, and the relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies in the Index). In calculating TSR, it is assumed that all dividends are reinvested.

For the LTIP interests awarded in 2002 the comparator companies are as follows:

	Mining	Forest Products	Industrial Minerals
Category weighting	71%	17%	12%
Comparator companies	Anglovaal Mining Limited BHP Billiton plc Companhia Vale do Rio Doce MIM Holdings Limited Noranda Inc Rio Tinto plc WMC Limited Xstrata plc	M-real Corporation Sappi Limited SCA David S. Smith (Holdings) plc Stora Enso Oyj UPM-Kymmene Group	Aggregate Industries plc CRH plc Hanson plc RMC Group plc

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REMUNERATION REPORT
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The TSR element of the award vests as shown in the table below:

Anglo American's relative TSR	Proportion of TSR element vesting
Below the weighted average TSR of the Index	0%
Equal to the weighted average TSR of the Index	50%
Equal to the weighted average TSR of the top two companies in each category	100%
Equal to or greater than the weighted average TSR of the top company in each category	150%

Shares will vest on a straight-line basis for performance between 50% and 100% as described above, and also between 100% and 150% for exceptional performance as described above.

A graph showing Anglo American's TSR performance against the weighted average of the comparator index as shown above for the period from 24 May 1999, when the Company was incorporated, to 31 December 2002 can be found on page 20; for the purposes of drawing this graph Companhia Vale do Rio Doce and Xstrata plc were excluded from the index as they were not listed at the beginning of the period depicted by the graph.

Return On Capital Employed

ROCE has been adopted as the second performance measure for the LTIP grants made to date. The directors consider this to be among the most important factors which drive sustainable improvements in shareholder value in a natural resources business as well as one of the most important measures of differentiation in performance in this sector.

The proportion of shares vesting in relation to this part of the award will vary according to the degree of improvement in the Group's and/or business' average annualised ROCE over the performance period (adjusted for movements in commodity prices, certain foreign exchange rate effects and for relevant changes in the composition of the Group).

The Committee has set Minimum Targets for improvement in return on both capital employed for the financial year preceding the start of the performance period (Existing Capital Employed) and on the additional capital employed during the performance period (Incremental Capital Employed). The Maximum ROCE Targets are based on stretching levels of return on the Existing Capital Employed.

The targets for each element of the 2002 Plan are shown below. These are adjusted for movements in commodity prices, certain foreign exchange rate effects and for relevant changes in the composition of the Group.

	Anglo American plc		Anglo American Platinum Corporation Limited	
	Existing capital employed	Incremental capital employed	Existing capital employed	Incremental capital employed
Executive directors				
Minimum ROCE Target	18.2%	13.0%	171.8%	13.0%
Maximum ROCE Target	20.2%	13.0%	242.1%	13.0%

The ROCE elements of the award vest as shown in the table below:

	Proportion of ROCE element vesting
Below or equal to the Minimum Target	0%
Equal to or greater than the Maximum Target	100%

Shares will vest on a straight-line basis for performance between the Minimum Target and the Maximum Target.

Pensions

Pension and life insurance benefits for executive directors reflect practice in the countries in which they perform their principal duties. Pension arrangements are tailored to take account of historical obligations and, insofar as agreed by the Committee, the personal circumstances of each executive. Details of individual pension arrangements are set out on pages 24 and 25.

Other benefits

Executive directors are entitled to the provision of either a car allowance or a fully expensed car, medical insurance, death and disability insurance, social club membership (in accordance with local market practice) and reimbursement of reasonable business expenses. Directors based in South Africa are eligible to receive housing loan subsidies at a preferential interest rate in accordance with local market practice. The provision of these benefits is considered to be market competitive in the appropriate locality for executive director positions.

Executive shareholding targets

Within five years of their appointment, executive directors are expected to acquire a holding of shares with a value of one and a half times' base salary in the case of the chief executive, and one times' base salary in the case of other executive directors.

Share dilution through the operation of share plans

Where shares are issued to satisfy incentives, the aggregate dilution resulting from executive incentives will not exceed 5% in any ten-year period, and that resulting from all incentives, including all-employee incentives, will not exceed 10% in any ten-year period.

External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the board; if approved, they may retain the fees payable from one such appointment.

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REMUNERATION REPORT
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Non-executive directors

The board reviews non-executive directors' fees periodically in the light of fees payable to non-executive directors for comparable companies and the importance attached to the retention and attraction of high calibre individuals as non-executive directors. Levels of fees are also set by reference to the responsibilities taken on by the non-executives in chairing the board and its committees. Additional fees are paid to the senior independent non-executive director and were also paid to the deputy chairman while the post was occupied. Where non-executive directors have board roles within subsidiaries of the Company, then they also receive additional fees on account of their increased responsibilities.

Non-executive directors are eligible to forgo all or part of their directors' fees to subscribe for shares in the Company, after deduction of applicable income tax and social security contributions. The non-executive directors do not participate in the Company's annual bonus plan, share option schemes, long term incentive plan or Company pension arrangements.

Directors' service contracts

It is the Company's policy that the period of notice required for executive directors does not exceed 12 months.

In order to properly 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 with Anglo Operations Limited. The salaries under these contracts are payable in sterling and/or South African rand as appropriate. The employment contracts of all executive directors are terminable at 12 months' notice by either party.

All non-executive directors have letters of appointment with Anglo American for an initial period of three years from their date of appointment, subject to reappointment at the annual general meeting. In addition to his service contract with Anglo American, R M Godsell has a service contract with AngloGold Limited, an independently managed subsidiary of Anglo American, in his capacity as chief executive. Under this contract, his employment may be terminated by either party giving to the other 12 months' notice.

Executive directors	Date of contract	Unexpired term of contract from 31 December 2002 ⁽¹⁾	Notice period
A J Trahar – chief executive	19 April 1999	7 years	12 months
B E Davison	15 May 2001	3 years	12 months
A W Lea	19 April 1999	6 years	12 months
W A Nairn	15 May 2001	2 years	12 months

⁽¹⁾ The unexpired term of contract for the executive directors reflects the number of years until their sixtieth birthday.

Non-executive directors ⁽¹⁾⁽²⁾	Date of letter of appointment
Sir Mark Moody-Stuart – chairman (appointed 16 July 2002, chairman from 1 December 2002)	19 July 2002
J Ogilvie Thompson – (chairman, retired 30 November 2002)	19 April 1999
Sir David Scholey	6 December 1999
D J Challen (appointed 9 September 2002)	20 September 2002
Viscount Davignon (retired 10 May 2002)	15 April 1999
Dr C E Fay	15 April 1999
R M Godsell	15 April 1999
G Lindahl	27 September 2001
R J Margetts	15 April 1999
Prof K A L M Van Miert (appointed 19 March 2002)	25 March 2002
N F Oppenheimer	15 April 1999
F T M Phaswana (appointed 12 June 2002)	21 June 2002
P S Wilmot-Sitwell (retired 10 May 2002)	15 April 1999

⁽¹⁾ At each annual general meeting (AGM) all those directors who have been in office for three years or more since their election or last re-election shall retire from office. Sir David Scholey retires by rotation at the forthcoming AGM and, being eligible, offers himself for re-election. In addition, a director may at any annual general meeting retire from office and stand for re-election. Sir Mark Moody-Stuart, D J Challen and F T M Phaswana were appointed subsequent to the 2002 AGM and will stand for election at the 2003 AGM.

⁽²⁾ There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 1985, by Ordinary Resolution, of which special notice has been given, remove any director from office.

The contracts of executive directors contain a provision that sets out the compensation payable in lieu of notice if the Company terminates the contract (other than for cause) or the executive resigns in circumstances where there has been a material adverse change in role, responsibilities or remuneration. Compensation is based on the value of 12 months' basic salary, target annual bonus for 12 months and the annual value of benefits. The Company may choose whether to continue to provide other benefits *per se* during the notice period or to pay an amount equal to the gross value of these benefits over the period.

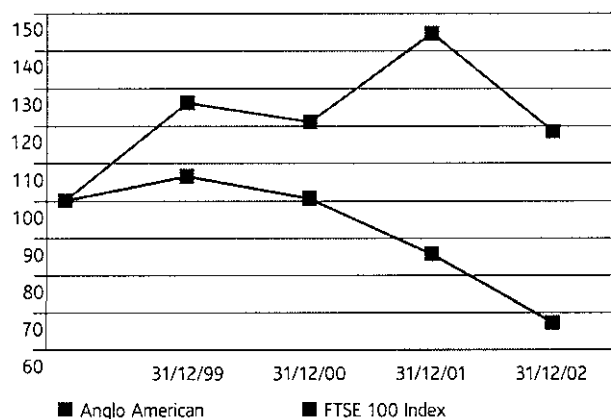
Vesting of share options on termination of a director's contract is dependent on how the contract is terminated. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all options lapse unless the Committee determines otherwise. In the case of LTIP interests, if a director resigns, then his interests lapse. If he is made redundant, at the end of the performance period vesting is based on the normal performance criteria and then is pro-rated for the proportion of the performance period for which the director served. Similarly, in the case of the deferred bonus plan, no matching shares would be granted should a director resign before the end of the three year vesting period, unless the Remuneration Committee determines otherwise. If a director is made redundant, he would receive matching shares pro-rated for the proportion of the vesting period for which he served.

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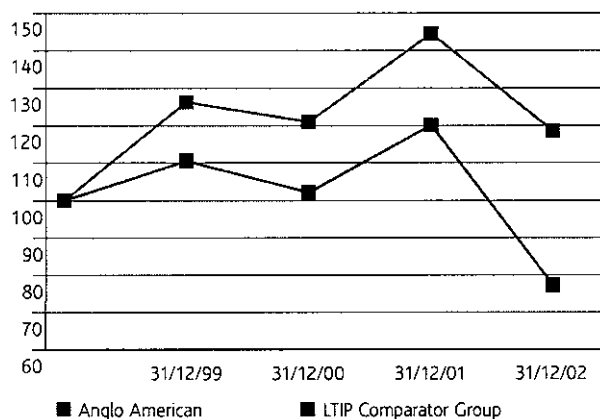
Performance graphs

The graphs below represent the comparative TSR performance of the Company from 24 May 1999 to 31 December 2002.

Anglo American TSR performance vs FTSE 100 Index
 (TSR performance (%))



Anglo American TSR vs LTIP Comparator Group
 (TSR performance (%))



This first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index consisting of companies of comparable size and complexity to Anglo American. This graph has been produced in accordance with the requirements of the Directors' Remuneration Report Regulations 2002.

The second graph shows the Company's performance against the weighted comparator group used to measure company performance for the purposes of the vesting of LTIP interests granted in 2002. This graph gives an indication of how Anglo American is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes in the marketplace such as mergers and acquisitions amongst the Company's competitors or changes to the Company's business mix.

In drawing these graphs it has been assumed that all dividends paid have been reinvested. The TSR level shown at 31 December each year is the average of the closing daily TSR levels for the 30 day period up to and including that date.

REMUNERATION OUTCOMES DURING 2002

The application of the Company's remuneration policy during the period under review resulted in the following directors' remuneration. In compiling this report, the Committee has taken into account the Directors' Remuneration Report Regulations 2002, as well as the provisions outlined in Schedule B of the Combined Code. The information set out in the sections one to six below has been subject to audit.

1 Directors' emoluments

The following tables set out an analysis of the pre-tax remuneration during the years ended 31 December 2002 and 2001, including bonuses but excluding pensions, for individual directors who held office in Anglo American during the year ended 31 December 2002.

	2002			2001	
	Basic salary ⁽¹⁾ £000	Annual performance bonus £000	Benefits in kind ⁽²⁾ £000	Total £000	Total £000
Executive directors					
A J Trahar	675	499	43	1,217	1,122
B E Davison	360	163	16	539	299
A W Lea	445	198	20	663	632
W A Nairn	320	161	21	502	255
L Boyd (retired 15 May 2001) ⁽³⁾	-	-	-	-	319
M W King (retired 15 May 2001) ⁽³⁾	-	-	-	-	456
J W Campbell (resigned 31 July 2001)	-	-	-	-	437

⁽¹⁾ In view of A J Trahar, B E Davison and W A Nairn having no provision for past service in respect of their sterling-denominated pension fund, the Committee has contractually agreed that supplementary pension contributions should be made to the Anglo American plc International Approved Pension Scheme in return for these executives giving up their right to part of their future cash remuneration due under their contracts of employment. The table above excludes these amounts which are £75,000, £40,000 and £35,000 respectively as these amounts have been disclosed in the table on page 24.

⁽²⁾ Each director receives a car allowance or a fully expensed car. All directors, with the exception of W A Nairn, also receive medical insurance and death and disability insurance. A J Trahar and A W Lea receive club membership; in addition, A J Trahar receives a housing loan subsidy.

⁽³⁾ Subsequent to their retirement from the board in 2001, L Boyd and M W King have provided consultancy services to Anglo American and hold non-executive directorships with certain listed subsidiaries of the Group. They have received fees of £28,000 and £26,000 respectively for the provision of these services during 2002.

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	2002		2001	
	Fees £000	Other emoluments £000	Total £000	Total £000
Non-executive directors ⁽¹⁾				
J Ogilvie Thompson ⁽²⁾	298	53	351	383
Sir Mark Moody-Stuart ⁽³⁾	42	–	42	–
Sir David Scholey	55	–	55	74
D J Challen	14	–	14	–
Viscount Davignon	20	–	20	48
Dr C E Fay	55	–	55	50
R M Godsell ⁽⁴⁾⁽⁵⁾	47	448	495	417
G Lindahl	56	–	56	26
R J Margetts	61	–	61	50
Prof K A L M Van Miert	36	–	36	–
N F Oppenheimer ⁽⁴⁾	54	–	54	48
F T M Phaswana ⁽⁴⁾	25	–	25	–
P S Wilmot-Sitwell	16	–	16	44
Sir Chips Keswick (resigned 4 June 2001)	–	–	–	15

⁽¹⁾ Each non-executive director, with the exception of J Ogilvie Thompson, is paid a fee of £45,000 per annum, and for those non-executive directors who act as chairmen of the Audit Committee, SHE Committee and Remuneration Committee, an additional sum of £10,000 per annum is paid. Sir David Scholey received additional fees of £10,000 in his capacity as senior independent non-executive director.

⁽²⁾ Until his retirement on 30 November 2002, J Ogilvie Thompson received a fee of £325,000 per annum in his capacity as chairman. He also received a car allowance, medical insurance and club membership amounting to £38,000. Additionally, he received a supplement in lieu of a contribution to the Anglo American Corporation Retirement Fund of £15,000 as he had reached pensionable age. He also received a contribution, at the rate of 25% of base salary, under his letter of appointment with Anglo American International (IOM) Limited, to the Anglo American plc International Approved Pension Scheme, which is disclosed on page 24.

⁽³⁾ On 1 December 2002, Sir Mark Moody-Stuart succeeded J Ogilvie Thompson as non-executive chairman. Since that date he has received a fee at the rate of £300,000 per annum.

⁽⁴⁾ R M Godsell, N F Oppenheimer and F T M Phaswana received fees for their services as non-executive directors of Anglo American Corporation of South Africa Limited amounting to £2,000, £2,000 and £1,000, respectively. N F Oppenheimer also received fees of £7,000 from AngloGold as a non-executive director of the company.

⁽⁵⁾ Under R M Godsell's service contract with AngloGold, his base salary was equivalent to £280,000 per annum (2001: £274,000) and he was awarded a performance bonus equivalent to £156,000 (2001: £83,000). R M Godsell is also entitled to the provision of a car allowance, medical insurance and death and disability insurance. The total value of these benefits was equivalent to £12,000 (2001: £17,000).

**2 Directors' share options
Anglo American plc**

Roll-over options ⁽¹⁾	Beneficial holding at 1 January 2002	Granted ⁽⁵⁾	Exercised	Lapsed	Beneficial holding at 31 December 2002 (or if earlier, date of retirement)	Weighted average exercise price p/and	Earliest date from which exercisable	Latest expiry date
J Ogilvie Thompson	500,000	–	–	–	500,000	51.25	16/06/1996	16/02/2008
A J Trahar	176,000	–	(88,000)	–	88,000	51.25	01/03/2001	16/02/2008
W A Nairn	102,000	–	–	–	102,000	51.25	11/08/2001	16/02/2008
Anglo American options ⁽²⁾⁽⁴⁾						£		
J Ogilvie Thompson	221,212	–	–	–	221,212	7.30	24/06/2002	22/03/2010
A J Trahar	152,512	–	–	–	152,512	7.36	24/06/2002	25/06/2010
B E Davison	64,000	–	–	–	64,000	7.32	24/06/2002	22/03/2010
A W Lea	208,608	–	–	–	208,608	7.10	24/06/2002	22/03/2010
W A Nairn	57,000	–	–	–	57,000	7.36	24/06/2002	22/03/2010
Anglo American options ⁽³⁾⁽⁴⁾						£		
A J Trahar	106,000	115,000	–	–	221,000	10.79	02/04/2004	17/03/2012
B E Davison	40,000	45,000	–	–	85,000	10.81	02/04/2004	17/03/2012
A W Lea	56,000	49,000	–	–	105,000	10.71	02/04/2004	17/03/2012
W A Nairn	40,000	39,029	–	–	79,029	10.72	02/04/2004	17/03/2012

⁽¹⁾ Certain of the executive directors were granted share options prior to 1 January 1999 under a previous share option scheme operated by Anglo American Corporation of South Africa Limited which were 'rolled-over' into Anglo American options.

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- (2) Share options in respect of shares whose market price as at 31 December 2002 is equal to, or exceeds, the option exercise price.
- (3) Share options in respect of shares whose market price as at 31 December 2002 is below the option exercise price.
- (4) Details of the share option scheme and the performance conditions attached to awards of share options can be found on page 16. In summary, the exercise of these options is subject to Anglo American's EPS increasing by at least 6% above the UK Retail Price Index over a three-year period.
- (5) The Anglo American options awarded in March 2002 in respect of the Executive Share Option Scheme were granted at an exercise price of £11.50, which reflected the price ruling at the date of grant. These share options are exercisable between 18 March 2005 and 17 March 2012. The directors have also been granted additional shares in order to meet the national insurance contribution liability. The directors do not benefit from this arrangement which operates as a hedge against the future uncapped national insurance contributions liability and hence these have not been included herein. In addition, W A Nairn was granted 1,029 shares under the SAYE Scheme at an exercise price of £9.23.

Details of the share options exercised by the executive directors in 2002 are as follows:

	Number exercised	Option price rand	Weighted market price at date of exercise rand	Gain rand
A J Trahar	88,000	51.25	172.54	10,673,520

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2002 to 31 December 2002 were £12.90 and £6.98 respectively. The mid-market price of the Company's shares at 31 December 2002 was £9.23.

AngloGold Limited (AngloGold)

R M Godsell has share options in AngloGold, an independently managed subsidiary of the Company; details of these share options are as follows:

AngloGold options ⁽¹⁾	Options held at 1 January 2002	Granted ⁽²⁾	Exercised	Lapsed	Holding at 31 December 2002	Weighted average exercise price rand	Earliest date from which exercisable	Latest expiry date
R M Godsell ⁽³⁾	178,300	–	–	–	178,300	108.04	16/06/1996	16/10/2010
R M Godsell ⁽⁴⁾	–	16,000	–	–	16,000	299.50	02/05/2005	02/05/2012

(1) The number of share options and option prices have been adjusted to take into account a two-for-one share split which became effective on 24 December 2002.

(2) On 30 April 2002, the shareholders approved an amendment to the AngloGold Share Incentive Scheme to provide for the exercise of share options based on performance rather than by the effluxion of time. The 16,000 options granted in 2002 are based on performance, requiring a 7.5% increase in EPS, year-on-year for three consecutive years. The previous existing options vest over a five year period from the date of grant with no attached performance criteria.

(3) Share options in respect of shares whose market price as at 31 December 2002 is equal to, or exceeds, the option exercise price.

(4) Share options in respect of shares whose market price as at 31 December 2002 is below the option exercise price.

The highest and lowest mid-market prices of AngloGold's shares during the period 1 January 2002 to 31 December 2002 were R347.00 and R200.00 per share respectively. The mid-market price of an AngloGold share at 31 December 2002 was R290.50.

Anglo American Platinum Corporation Limited (Anglo Platinum)

B E Davison has share options in Anglo Platinum, a listed subsidiary of the Company; details of these share options are as follows:

Anglo Platinum options ⁽¹⁾	Options held at 1 January 2002	Granted	Exercised ⁽²⁾	Lapsed	Holding at 31 December 2002	Weighted average exercise price rand	Earliest date from which exercisable	Latest expiry date
B E Davison	56,644	–	18,319	–	38,325	70.60	23/06/2001	22/06/2009

(1) There are no performance criteria attached to any of these options.

(2) The 18,319 options were exercised at an option price of R67.80 and a market price of R493.00 resulting in a R7,789,239 gain.

The highest and lowest mid-market prices of Anglo Platinum's shares during the period 1 January 2002 to 31 December 2002 were R527.39 and R307.17 per share respectively. The mid-market price of an Anglo Platinum share at 31 December 2002 was R316.81.

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

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3 Long term incentive plan (LTIP)

Conditional awards of shares made to executive directors under the LTIP are shown below.

LTIP interests ⁽¹⁾	Total beneficial interest in LTIP at 1 January 2002	Number of shares conditionally awarded during the year ⁽²⁾	Total beneficial interest in LTIP at 31 December 2002	Latest performance period end date ⁽³⁾
A J Trahar	74,300	80,357	154,657	31/12/2004
B E Davison	33,350	35,714	69,064	31/12/2004
A W Lea	40,480	39,732	80,212	31/12/2004
W A Nairn	31,450	31,696	63,146	31/12/2004

(1) The LTIP award made in 2002 is conditional on two performance conditions: the first based on Anglo American's TSR relative to a weighted group of international natural resource companies, and the second based on an underlying operating measure which focuses on raising Anglo American's/Anglo Platinum's ROCE in the medium term. Further details on the structure of the LTIP, the required level of performance for the 2002 award and how performance against targets is tested can be found on pages 17 and 18. The market price of the shares at the date of award was £11.20.

(2) The executive directors have also been granted additional unconditional shares in order to meet the national insurance contribution liability on both the TSR and operating measure elements of awards under the LTIP. The executive directors do not benefit from such an arrangement, which operates as a hedge against the future uncapped national insurance contributions liability, and hence these shares have not been included herein.

(3) The performance period applicable to each award is three years.

No LTIP interests vested during 2002.

4 Deferred bonus plan

The directors hold interests in deferred bonus matching shares as follows:

Deferred bonus share matching interests ⁽¹⁾	Total interest at 1 January 2002	Number of shares conditionally awarded during the year ⁽²⁾	Number of shares vested during the year	Number of shares lapsed during the year ⁽³⁾	Total interest at 31 December 2002	Latest vesting period end date
J Ogilvie Thompson	23,080	–	17,686	5,394	–	–
A J Trahar	18,820	24,765	–	–	43,585	31/12/2004
B E Davison	4,916	3,012	–	–	7,928	31/12/2004
A W Lea	16,788	9,590	–	–	26,378	31/12/2004
W A Nairn	4,104	3,482	–	–	7,586	31/12/2004

(1) Directors are required to defer 50% of their bonus and may, at the discretion of the Committee on a year-by-year basis, defer all of their bonus (net of tax) to acquire shares in Anglo American. If these shares are held for three years they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment.

(2) The market price of the shares at the date of award was £11.50.

(3) Certain of the deferred bonus matching shares awarded to J Ogilvie Thompson lapsed as a result of his retirement from Anglo American on 30 November 2002.

Details of the deferred bonus matching shares vested in 2002 are as follows:

Number of shares vested	Number of shares vested	Date of conditional award	Market price at date of award	Market price at date of vesting
J Ogilvie Thompson	8,575	05/04/00	£7.66	£9.05
	6,356	10/04/01	£10.03	£9.05
	2,755	10/04/01	R113.75	R129.50

A J Trahar, A W Lea and W A Nairn each purchased 58 shares under the SIP Scheme during the year. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment.

5 Pensions

Directors' pension arrangements

Each executive director, other than A W Lea, is a member of the Anglo American plc International Approved Pension Scheme, which is a defined contribution pension scheme.

A J Trahar is a member of the Anglo American plc International Approved Pension Scheme, and under his contract with Anglo American International (IOM) Limited contributions are made on his behalf at the rate of 35% of base salary payable under this contract. He is also a member of the Anglo American Corporation Pension Fund, under which he accrues benefits at the rate of 2.2% per annum of pensionable salary (as defined in the rules of that scheme) under his South African contract 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.

A W Lea is a member of the Anglo American plc Approved Pension Scheme (formerly known as the Minorco Executive Directors' Fund). This scheme is also a defined contribution pension scheme. Prior to the formation of the Company in May 1999, A W Lea was entitled to company contributions at a rate of 35% of base salary under his contract with Anglo American International (BVI) Limited, a commitment which continues to be honoured. A W Lea is entitled to deferred benefits in the Anglo American Corporation Pension Fund in respect of previous South African service.

B E Davison is a member of the Anglo American plc International Approved Pension Scheme, and under his contract with Anglo American International (IOM) Limited contributions are made on his behalf at the rate of 25% of base salary. He is also a member of the Anglo American Corporation Retirement Fund, contributions to which are made at the rate of 15% of base salary (plus 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.

W A Nairn is a member of the Anglo American plc International Approved Pension Scheme, and under his contract with Anglo American International (IOM) Limited contributions are made on his behalf at the rate of 25% of base salary. He is also entitled to contributions at the rate of 15% of base salary (plus car allowance) to an independent personal pension plan located in South Africa under his employment contract with Anglo Operations Limited.

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 chief executive of that company.

Defined contribution pension schemes

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

Directors	2002		2001	
	Normal contributions £000	Supplementary contributions ⁽¹⁾ £000	Total £000	Total £000
J Ogilvie Thompson ⁽²⁾	52	–	52	57
A J Trahar	144	75	219	175
A W Lea	156	–	156	149
B E Davison	82	40	122	66
W A Nairn	75	35	110	64

⁽¹⁾ In view of Messrs Trahar, Davison and Nairn having no provision for past service in respect of their sterling denominated pension fund, the Committee has contractually agreed that supplementary pension contributions should be made to the Anglo American plc International Approved Pension Scheme in return for these executives giving up their right to part of their future cash remuneration due under their contracts of employment.

⁽²⁾ Under his letter of appointment with Anglo American International (IOM) Limited in his capacity as chairman, J Ogilvie Thompson was entitled to a contribution, at the rate of 25% of base salary, to the Anglo American plc International Approved Pension Scheme.

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Defined benefit pension schemes

A J Trahar and A W Lea 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.

	Additional benefit earned (excluding inflation) during the year ended 31 December 2002 £000	Accrued entitlement as at 31 December 2002 £000	Transfer value of accrued benefits as at 31 December		Increase in transfer value in the year less any personal contributions ⁽¹⁾ £000
			2002 £000	2001 £000	
Executive directors					
A J Trahar	58	238	2,699	1,315	1,017
A W Lea	–	34	398	273	53
Non-executive director					
R M Godsell ⁽²⁾	23	146	1,441	853	377

⁽¹⁾ The increase in transfer value of additional benefits earned during 2002, less any personal contributions for A J Trahar, A W Lea and R M Godsell, amounted to £727,000, £nil and £223,000 respectively.

⁽²⁾ In his capacity as chief executive of AngloGold, R M Godsell is entitled to membership of the AngloGold Pension Fund.

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.

Excess retirement benefits

No person who served as a director of the Company during or before 2002 has been paid or received retirement benefits in excess of the retirement benefits to which he was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

6 Sums paid to third parties in respect of a director's services

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, while a director of the Company, as a director of any of the Company's subsidiary undertakings, as a director of any other undertaking of which he was (while director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any such other undertaking during the year to 31 December 2002.

7 Directors' share interests

The interests of directors who held office at 31 December 2002 in Ordinary Shares (Shares) of the Company and its subsidiaries were as follows:

Shares in Anglo American plc

Directors	As at 31 December 2002					As at 1 January 2002 (or if later, date of appointment)				
	Beneficial	Conditional			Non-beneficial	Beneficial	Conditional			Non-beneficial
		SIP ⁽¹⁾	Deferred bonus share match ⁽²⁾	LTIP ⁽³⁾			SIP ⁽¹⁾	Deferred bonus share match ⁽²⁾	LTIP ⁽³⁾	
A J Trahar	43,719	58	43,585	154,657	–	18,896	–	18,820	74,300	–
B E Davison	7,928	–	7,928	69,064	–	4,916	–	4,916	33,350	–
A W Lea ⁽⁴⁾	34,928	58	26,378	80,212	–	25,280	–	16,788	40,480	–
W A Nairn	7,644	58	7,586	63,146	–	4,104	–	4,104	31,450	–
Sir Mark Moody-Stuart ⁽⁵⁾	12,653	–	–	–	–	–	–	–	–	–
Sir David Scholey	9,569	–	–	–	–	8,567	–	–	–	–
D J Challen	2,000	–	–	–	–	–	–	–	–	–
Dr C E Fay	1,600	–	–	–	–	1,600	–	–	–	–
R M Godsell	92	–	–	–	–	92	–	–	–	–
G Lindahl	4,507	–	–	–	–	–	–	–	–	–
R J Margetts ⁽⁶⁾	3,874	–	–	–	–	2,066	–	–	–	–
Prof K A L M Van Miert	–	–	–	–	–	–	–	–	–	–
N F Oppenheimer ⁽⁷⁾	65,996,388	–	–	–	917,788	67,205,520	–	–	–	917,778
F T M Phaswana	1,059	–	–	–	–	–	–	–	–	–

⁽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.

⁽²⁾ The award of these shares is conditional upon the participant's continued employment by the Company until three years after the allotment date.

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- (3) The award of the shares under the LTIP is conditional upon the satisfaction of the performance conditions set out on pages 17 and 18.
- (4) A W Lea's beneficial interest includes 200 Shares arising as a result of his son's interest in these Shares.
- (5) Sir Mark Moody-Stuart's beneficial interest includes 12,500 Shares arising as a result of his interest in a family trust.
- (6) R J Margetts' beneficial interest in 3,874 Shares arises as a result of his wife's interest in these Shares.
- (7) N F Oppenheimer's beneficial interest in 65,991,696 of these Shares arises as a result of his interest in discretionary trusts which are treated as interested in 52,250,206 shares in which E Oppenheimer & Sons Holdings Limited is treated as interested and 13,741,490 shares in which Central Holdings Limited is treated as interested. The 13,741,490 shares referred to above are shares held by Debswana Diamond Company (Pty) Limited, in which N F Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,600 of these shares arises as a result of his wife's interest in a trust which has an indirect economic interest in 33.33% of those Shares. In addition, N F Oppenheimer has a non-beneficial interest in 917,788 Shares arising as a result of his position as a trustee of a charitable trust.

The following changes in the above interests occurred between 1 January 2003 and the date of this report:

Shares in Anglo American plc

Directors	As at 27 February 2003					As at 1 January 2003				
	Beneficial	Conditional			Non-beneficial	Beneficial	Conditional			Non-beneficial
		SIP ⁽¹⁾	Deferred bonus share match ⁽²⁾	LTIP ⁽³⁾			SIP ⁽¹⁾	Deferred bonus share match ⁽²⁾	LTIP ⁽³⁾	
A J Trahar	48,862	85	38,469	154,657	–	43,719	58	43,585	154,657	–
B E Davison	10,040	–	5,816	69,064	–	7,928	–	7,928	69,064	–
A W Lea ⁽⁴⁾	38,684	85	20,162	80,212	–	34,928	58	26,378	80,212	–
W A Nairn	8,811	85	5,686	63,146	–	7,644	58	7,586	63,146	–
Sir Mark Moody-Stuart ⁽⁵⁾	13,090	–	–	–	–	12,653	–	–	–	–
Sir David Scholey	9,850	–	–	–	–	9,569	–	–	–	–
Dr C E Fay	2,106	–	–	–	–	1,600	–	–	–	–
G Lindahl	5,343	–	–	–	–	4,507	–	–	–	–
R J Margetts ⁽⁶⁾	4,520	–	–	–	–	3,874	–	–	–	–
F T M Phaswana	2,016	–	–	–	–	1,059	–	–	–	–

(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.

(2) The award of these shares is conditional upon the participant's continued employment by the Company until three years after the allotment date.

(3) The award of the shares under the LTIP is conditional upon the satisfaction of the performance conditions set out on pages 17 and 18.

(4) A W Lea's beneficial interest includes 200 Shares arising as a result of his son's interest in these Shares.

(5) Sir Mark Moody-Stuart's beneficial interest includes 12,500 Shares arising as a result of his interest in a family trust.

(6) R J Margetts' beneficial interest in 4,520 Shares arises as a result of his wife's interest in these Shares.

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REMUNERATION REPORT
CONTINUED

Shares in subsidiaries of Anglo American plc

	As at 31 December 2002		As at 1 January 2002 (or if later, date of appointment)	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
AngloGold Limited ⁽¹⁾				
R M Godsell	460	–	460	–
N F Oppenheimer	–	6,426 ⁽²⁾	–	9,026 ⁽²⁾
Anglo American Platinum Corporation Limited				
B E Davison	22,067 ⁽³⁾	–	20,067 ⁽³⁾	–
W A Nairn	759	–	759	–
Highveld Steel and Vanadium Corporation Limited				
A J Trahar	100	–	100	–

⁽¹⁾ The number of shares have been adjusted to take into account a two-for-one share split which became effective on 24 December 2002.

⁽²⁾ Shares held by N F Oppenheimer in his capacity as Trustee of various trusts.

⁽³⁾ 20,067 of these shares are held through a family trust.

Approval

This directors' remuneration report has been approved by the board of directors of Anglo American.

Signed on behalf of the board of directors

Rob Margetts

R J Margetts
 27 February 2003

Rob Margetts

REMUNERATION REPORT REVIEW

This letter reports on the results of the review by Mercer Human Resource Consulting of the executive remuneration processes and outcomes that underlie Anglo American's remuneration report for the financial year 2002. Mercer undertook the review at the request of the Company's Remuneration Committee (the Committee) in order to provide shareholders with assurance that the remuneration processes that you have followed are appropriate and that the Company has complied with the policies set out in the remuneration report.

In order to reach our opinion, we reviewed the Remuneration Committee's Terms of Reference and the minutes of its meetings during the year as well as the materials prepared for the Committee's review. We also interviewed the Committee Chairman and Secretary. Our review was not intended to audit the compensation data set forth in the remuneration report or to evaluate the merits of Anglo American's executive remuneration programme.

Based on our review, Mercer is of the opinion that Anglo American's executive remuneration process with respect to 2002 was fully consistent with the description set forth in the remuneration report and that the remuneration decisions for the year were made based on the principles and policies laid out in the report. Furthermore, it is our view that the Remuneration Committee continues to take a suitably robust approach to its work. One area of potential improvement that we identified was that of ensuring that effective training procedures are put in place for new appointments to the Committee. Management have undertaken to do this.

Additional detail regarding Mercer's review is included in a letter of this date to the Committee Chairman; we understand that this letter will be available on the Company's website.

Eric Scoones

Mercer Human Resource Consulting Limited
 Dexter House
 2 Royal Mint Court
 London EC3N 4NA
 18 February 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the system of internal control, 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.

We have audited the financial statements of Anglo American plc for the year ended 31 December 2002 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the Company balance sheet and the related notes 1 to 38. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information specified by the Directors' Remuneration Report Regulations 2002 to be audited which is set out in sections 1 to 6 of the remuneration report.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been 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 financial 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 specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover 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 directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT 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 financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial 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 sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited 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 financial statements and the part of the directors' remuneration report described as having been audited.

OPINION

In our opinion:

- > the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2002 and of the profit of the Group for the year then ended; and
- > the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche
 Chartered Accountants and Registered Auditors
 London
 27 February 2003

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

US\$ million	Note	Before exceptional items 2002	Exceptional items (note 7) 2002	2002	Before exceptional items 2001 Restated ⁽¹⁾	Exceptional items (note 7) 2001	2001 Restated ⁽¹⁾
Group and share of turnover of joint ventures and associates							
	2	20,497	–	20,497	19,282	–	19,282
Less: joint ventures' turnover	2	(1,066)	–	(1,066)	(1,109)	–	(1,109)
Associates' turnover	2	(4,286)	–	(4,286)	(3,387)	–	(3,387)
Group turnover – subsidiaries	2	15,145	–	15,145	14,786	–	14,786
Operating costs		(12,757)	(47)	(12,804)	(12,140)	(498)	(12,638)
Group operating profit – subsidiaries	4	2,388	(47)	2,341	2,646	(498)	2,148
Share of operating profit of joint ventures	2	219	(34)	185	193	(15)	178
Share of operating profit of associates	2	725	–	725	459	–	459
Total operating profit	2	3,332	(81)	3,251	3,298	(513)	2,785
Profit on disposal of fixed assets	7	–	98	98	–	2,148	2,148
Loss on termination of operations	7	–	(34)	(34)	–	–	–
Profit on ordinary activities before interest	3	3,332	(17)	3,315	3,298	1,635	4,933
Investment income	8	304	–	304	799	–	799
Interest payable	9	(483)	–	(483)	(669)	–	(669)
Profit on ordinary activities before taxation		3,153	(17)	3,136	3,428	1,635	5,063
Tax on profit on ordinary activities	10	(1,042)	(3)	(1,045)	(1,247)	(147)	(1,394)
Profit on ordinary activities after taxation		2,111	(20)	2,091	2,181	1,488	3,669
Equity minority interests	3	(528)	–	(528)	(648)	64	(584)
Profit for the financial year	3	1,583	(20)	1,563	1,533	1,552	3,085
Equity dividends to shareholders – paid and proposed	11	(720)	–	(720)	(690)	–	(690)
Retained profit for the financial year		863	(20)	843	843	1,552	2,395
Headline earnings for the financial year	12			1,759			1,681
Basic earnings per share (US\$)⁽¹⁾:							
Profit for the financial year	12			1.11			2.09
Headline earnings for the financial year	12			1.25			1.14
Diluted earnings per share (US\$)⁽¹⁾:							
Profit for the financial year	12			1.10			2.07
Headline earnings for the financial year	12			1.23			1.13
Dividend per share (US cents):							
				51.0			49.0
Basic number of shares outstanding ⁽²⁾ (million)	12			1,411			1,474
Diluted number of shares outstanding ⁽²⁾ (million)	12			1,426			1,491

⁽¹⁾ The comparative figures for 2001 have been restated to reflect the adoption of Financial Reporting Standard (FRS) 19, 'Deferred Tax', as disclosed in note 1.

⁽²⁾ Basic and diluted number of shares outstanding represent the weighted average for the year.

All amounts included above relate to continuing operations. The impact of acquired operations on the results for the year is not material.

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CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2002

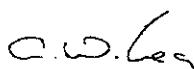
US\$ million	Note	2002	2001 Restated ⁽¹⁾
Fixed assets			
Intangible assets	13	2,310	2,100
Tangible assets	14	16,531	10,770
Investments in joint ventures:	15	1,544	1,562
Share of gross assets		2,763	2,977
Share of gross liabilities		(1,219)	(1,415)
Investments in associates	15	4,119	2,434
Other investments	15	1,713	1,527
		26,217	18,393
Current assets			
Stocks	17	1,814	1,383
Debtors	18	3,337	2,835
Current asset investments	19	1,143	2,003
Cash at bank and in hand		1,070	915
		7,364	7,136
Short term borrowings	21	(1,918)	(2,301)
Other current liabilities	20	(4,329)	(3,936)
		1,117	899
Net current assets			
Total assets less current liabilities		27,334	19,292
Long term liabilities:	21	(5,873)	(2,635)
Convertible debt		(1,084)	-
Other long term liabilities		(4,789)	(2,635)
Provisions for liabilities and charges	23	(2,896)	(2,194)
Equity minority interests		(2,304)	(1,607)
		16,261	12,856
Net assets			
Capital and reserves			
Called-up share capital	24	735	734
Share premium account	25	1,216	1,203
Merger reserve	25	636	636
Other reserves	25	716	716
Profit and loss account	25	12,958	9,567
Total shareholders' funds (equity)		16,261	12,856

(1) Restated for the adoption of FRS 19 – see note 1.

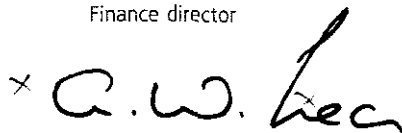
The financial statements were approved by the board of directors on 27 February 2003.



A J Trahar
Chief executive

A W Lea
Finance director



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

US\$ million	Note	2002	2001
Net cash inflow from operating activities	26	3,618	3,539
Expenditure relating to fundamental reorganisation		–	(23)
Dividends from joint ventures and associates		258	258
Returns on investments and servicing of finance			
Interest received and other financial income		309	419
Interest paid		(281)	(430)
Dividends received from fixed asset investments		49	74
Dividends paid to minority shareholders		(375)	(454)
Net cash outflow from returns on investments and servicing of finance		(298)	(391)
Taxation			
UK corporation tax		(10)	7
Overseas tax		(712)	(644)
Taxes paid		(722)	(637)
Capital expenditure and financial investment			
Payments for tangible fixed assets		(2,139)	(1,787)
Proceeds from the sale of tangible fixed assets		313	263
Exit funding for Konkola Copper Mines (KCM)		(182)	–
Payments for other investments ⁽¹⁾		(351)	(96)
Proceeds from the sale of other investments ⁽¹⁾		217	1,174
Net cash outflow for capital expenditure and financial investment		(2,142)	(446)
Acquisitions and disposals			
Acquisition of subsidiaries ⁽²⁾	28	(2,911)	(718)
Disposal of subsidiaries	29	24	135
Investment in joint ventures		(34)	(76)
Sale of interests in joint ventures		122	–
Investment in proportionally consolidated joint arrangements		(13)	(51)
Investment in associates		(613)	(223)
Sale of interests in associates		24	1,527
Net cash (outflow)/inflow from acquisitions and disposals		(3,401)	594
Equity dividends paid to Anglo American shareholders		(732)	(714)
Cash (outflow)/inflow before use of liquid resources and financing		(3,419)	2,180
Management of liquid resources ⁽³⁾		1,021	(287)
Financing	26	2,458	(1,667)
Increase in cash in the year		60	226

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

(2) Net of cash acquired within subsidiaries of US\$157 million (2001: US\$20 million).

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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2002**

US\$ million	Note	2002	2001 Restated ⁽¹⁾
Profit for the financial year	3	1,563	3,085
Joint ventures		83	68
Associates		384	523
Unrealised gain arising on exchange of business		39	–
Less: Related overseas current tax charge		(22)	–
Currency translation differences on foreign currency net investments		2,531	(2,986)
Total recognised gains for the financial year		4,111	99
Prior year adjustment (see note 1)		(570)	–
Total recognised gains since the last annual report		3,541	–

(1) Restated for the adoption of FRS 19 – see note 1.

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.

The accounting policies applied in preparing the financial statements are consistent with those adopted and disclosed in the Group's statutory accounts for the year ended 31 December 2001, except for the implementation of Financial Reporting Standard (FRS) 19 'Deferred Tax', as set out below.

With effect from 1 January 2002, the Group adopted FRS 19 'Deferred Tax'. Under FRS 19 deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

The change in accounting policy has been accounted for by means of a prior year adjustment, and the previously published figures at 31 December 2001 have been restated as follows:

US\$ million	31 December 2001
Profit and loss account	
Decrease in operating profit	(2)
Increase in tax on profit on ordinary activities	(145)
Decrease in equity minority interests	56
Decrease in profit for the financial year	(91)
Decrease in headline earnings	(89)
Balance sheet	
Increase in goodwill	32
Decrease in investments in joint ventures	(18)
Decrease in investments in associates	(4)
Increase in debtors	18
Increase in deferred tax provision	(933)
Decrease in equity minority interests	335
Decrease in shareholders' funds	(570)

The impact of adoption of FRS 19 was to increase the tax charge by US\$229 million, and decrease headline earnings by US\$166 million, for the year ended 31 December 2002. Shareholders' funds, as previously reported at 1 January 2001, decreased by US\$717 million, due to the adoption of FRS 19.

The Group continues to account under the transitional arrangements for FRS 17 'Retirement Benefits'. When the International Accounting Standards Board has clarified the approach it will adopt in revising IAS 19 'Employee Benefits' and the extent to which FRS 17 may change as a result, the board will decide when to adopt the standard in full.

Basis of consolidation

The consolidated financial statements incorporate the financial 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 fixed 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.

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.

1 ACCOUNTING POLICIES continued**Associates**

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

Results of associates are equity accounted from their most recent audited financial statements or unaudited interim statements. Any losses of associates are accounted for in the consolidated financial 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 financial 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 crossholding.

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.

Tangible fixed assets

Mining properties and leases include the cost of acquiring and developing mining properties, mineral rights and investments in and loans to companies holding mineral rights. Mining properties are depreciated using the unit-of-production method based on proven and probable reserves. Depreciation 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 profits.

Interest on borrowings relating to the financing 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 specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of 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.

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 there is an event to indicate that 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 becomes viable for 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 first-in, first-out (FIFO) basis;
- > metal, coal and coke stocks are valued at average cost; and
- > 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 and fixed and floating rate debt 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.

1 ACCOUNTING POLICIES continued**Pensions and post-retirement benefits**

The expected costs of providing post-retirement benefits under defined benefit arrangements are charged against profits to spread the expected costs on a straight-line basis over the service lives of employees entitled to those benefits. Costs are assessed in accordance with the advice of qualified actuaries using the projected unit 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 in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Leases

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

Foreign currency translation

The profit 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 rate on the date of the transaction. Assets and liabilities are translated at the exchange rate 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 financing 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 profit 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.

Employee share awards

The estimated cost of awards made by the Group is charged to profit over the performance period, as appropriate. Where shares are held by an employee benefit trust the carrying value of these shares is included within other fixed asset investments, less amounts charged to profit relating to those shares. The estimated cost of awards is the market value of shares awarded or the intrinsic value of the awards (being the difference between the exercise price of the award and the market price at the date of grant) adjusted to reflect performance conditions where applicable. The Group has taken advantage of the exemption given in Urgent Issue Task Force Abstract 17 'Employee Share Schemes', in respect of Save As You Earn schemes.

Reporting currency

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

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**NOTES TO FINANCIAL STATEMENTS
CONTINUED**

2 SEGMENTAL INFORMATION

US\$ million	Turnover		Operating profit ⁽¹⁾			Net operating assets ⁽²⁾		
	2002	2001	Before exceptional items 2002	Exceptional items (note 7) 2002	2002	2001 Restated ⁽³⁾	2002	2001 Restated ⁽³⁾
By business segment								
Group subsidiaries								
Platinum	1,964	2,180	784	–	784	1,325	3,580	1,847
Gold	1,450	1,768	351	–	351	363	2,511	2,086
Diamonds	–	–	–	–	–	(2)	–	–
Coal	1,463	1,394	379	–	379	445	1,658	1,373
Base Metals	907	1,077	47	(17)	30	(572)	3,617	1,977
Industrial Minerals	2,811	2,432	264	–	264	185	3,848	3,246
Forest Products	4,529	3,853	624	–	624	481	3,897	2,732
Ferrous Metals	780	702	83	–	83	55	461	220
Industries	1,241	1,380	121	–	121	139	1,235	884
Financial Services	–	–	–	–	–	2	–	–
Exploration	–	–	(93)	–	(93)	(101)	–	–
Corporate Activities	–	–	(172)	(30)	(202)	(172)	315	379
	15,145	14,786	2,388	(47)	2,341	2,148	21,122	14,744
Joint ventures								
Gold	312	260	108	–	108	79		
Base Metals	413	388	75	(34)	41	52		
Industrial Minerals	76	70	9	–	9	12		
Forest Products	252	243	25	–	25	34		
Ferrous Metals	13	142	2	–	2	1		
Industries	–	6	–	–	–	–		
	1,066	1,109	219	(34)	185	178		
Associates								
Platinum	40	38	18	–	18	20		
Gold	7	–	4	–	4	1		
Diamonds	2,746	2,055	541	–	541	375		
Coal	247	178	48	–	48	48		
Base Metals	58	65	11	–	11	10		
Industrial Minerals	25	25	4	–	4	4		
Forest Products	24	73	–	–	–	5		
Ferrous Metals	457	441	65	–	65	21		
Industries	516	512	(7)	–	(7)	(25)		
Corporate Activities	166	–	41	–	41	–		
	4,286	3,387	725	–	725	459		
	20,497	19,282	3,332	(81)	3,251	2,785		

(1) Comparative figures for operating profit for 2001 are stated after deducting the following exceptional items:

US\$ million	
Operating profit before exceptional items	3,298
Less: Group subsidiaries	
Base Metals	(473)
Corporate Activities	(25)
Less: Joint ventures – Base Metals	(15)
Operating profit after exceptional items	2,785

Further details of these exceptional items are given in note 7.

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

(3) Restated for the adoption of FRS 19 – see note 1.

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NOTES TO FINANCIAL STATEMENTS
CONTINUED

2 SEGMENTAL INFORMATION continued

	Turnover		Operating profit		Net operating assets ⁽¹⁾			
	2002	2001	Before exceptional items 2002	Exceptional items (note 7) 2002	2002	2001 Restated ⁽²⁾	2002	2001 Restated ⁽²⁾
US\$ million								
By geographical segment (by origin)								
Group subsidiaries								
South Africa	5,863	6,811	1,617	(30)	1,587	2,111	7,712	5,393
Rest of Africa	67	410	21	–	21	(432)	555	225
Europe	6,545	5,284	509	–	509	355	7,001	5,601
North America	634	611	(41)	–	(41)	(31)	934	796
South America	908	643	147	4	151	39	3,196	1,362
Australia and Asia	1,128	1,027	135	(21)	114	106	1,724	1,367
Joint ventures								
South Africa	12	143	5	–	5	1		
Rest of Africa	330	264	106	–	106	78		
Europe	398	361	26	(76)	(50)	17		
North America	13	–	1	–	1	–		
South America	313	341	81	42	123	81		
Australia and Asia	–	–	–	–	–	1		
Associates								
South Africa	1,068	1,186	198	–	198	157		
Rest of Africa	1,582	1,285	312	–	312	233		
Europe	733	128	124	–	124	(1)		
North America	527	456	21	–	21	(9)		
South America	238	239	46	–	46	57		
Australia and Asia	138	93	24	–	24	22		
	20,497	19,282	3,332	(81)	3,251	2,785	21,122	14,744
By geographical segment (by destination)								
Group subsidiaries								
South Africa	2,566	2,317						
Rest of Africa	302	269						
Europe	8,295	7,471						
North America	1,144	1,922						
South America	436	387						
Australia and Asia	2,402	2,420						
Joint ventures								
South Africa	3	65						
Rest of Africa	35	42						
Europe	803	744						
North America	99	93						
South America	19	34						
Australia and Asia	107	131						
Associates								
South Africa	309	184						
Rest of Africa	40	1						
Europe	947	670						
North America	1,901	1,631						
South America	23	27						
Australia and Asia	1,066	874						
	20,497	19,282						

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

(2) Restated for the adoption of FRS 19 – see note 1.

3 PROFIT FOR THE FINANCIAL YEAR

The table below analyses the contribution of each business segment to the Group's headline earnings.

2002													
US\$ million	Operating profit	Operating exceptional items	Non-operating exceptional items	Goodwill amortisation	Profit before interest	Interest income	Dividend income	Other financial income	Interest expense	Net investment income	Tax	Equity minority interests	Profit for the financial year
By business segment													
Platinum	802	-	-	17	819	17	-	-	(5)	12	(265)	(215)	351
Gold	463	-	-	39	502	39	-	75	(47)	67	(157)	(207)	205
Diamonds	541	-	-	29	570	16	-	-	(95)	(79)	(159)	(8)	324
Coal	427	-	-	7	434	8	1	(65)	(5)	(61)	(107)	-	266
Base Metals	82	51	-	1	134	4	-	(2)	(43)	(41)	(22)	(2)	69
Industrial Minerals	277	-	-	46	323	6	-	7	(3)	10	(86)	(16)	231
Forest Products	649	-	-	15	664	12	9	18	(84)	(45)	(173)	(70)	376
Ferrous Metals	150	-	-	5	155	16	3	2	(23)	(2)	(53)	(12)	88
Industries	114	-	-	3	117	32	9	(17)	(66)	(42)	(10)	(27)	38
Exploration	(93)	-	-	-	(93)	-	-	(1)	-	(1)	-	17	(77)
Corporate Activities	(161)	30	-	27	(104)	95	28	(8)	(112)	3	(10)	(1)	(112)
Headline earnings for the financial year	3,251	81	-	189	3,521	245	50	9	(483)	(179)	(1,042)	(541)	1,759
Headline earnings adjustments	-	(81)	64	(189)	(206)	-	-	-	-	-	(3)	13	(196)
Profit for the financial year	3,251	-	64	-	3,315	245	50	9	(483)	(179)	(1,045)	(528)	1,563

2001 Restated ⁽¹⁾													
US\$ million	Operating profit	Operating exceptional items	Non-operating exceptional items	Goodwill amortisation	Profit before interest	Interest income	Dividend income	Other financial income	Interest expense	Net investment income	Tax	Equity minority interests	Profit for the financial year
By business segment													
Platinum	1,345	-	-	16	1,361	39	-	2	(4)	37	(482)	(438)	478
Gold	443	-	-	30	473	24	-	(2)	(69)	(47)	(116)	(148)	162
Diamonds	373	-	-	34	407	35	-	10	(80)	(35)	(136)	(2)	234
Coal	493	-	-	8	501	11	1	54	(13)	53	(167)	-	387
Base Metals	(510)	488	-	1	(21)	28	-	41	(88)	(19)	(39)	61	(18)
Industrial Minerals	201	-	-	42	243	7	-	-	(7)	-	(69)	(14)	160
Forest Products	520	-	-	13	533	17	16	6	(117)	(78)	(123)	(60)	272
Ferrous Metals	77	-	-	1	78	23	-	(3)	(29)	(9)	(21)	-	48
Industries	114	-	-	1	115	20	16	2	(63)	(25)	(12)	(40)	38
Financial Services	2	-	-	-	2	1	-	-	-	1	(3)	-	-
Exploration	(101)	-	-	-	(101)	-	-	(1)	-	(1)	-	17	(85)
Corporate Activities	(172)	25	-	21	(126)	216	45	(6)	(161)	94	(28)	-	(60)
De Beers investments ⁽²⁾	-	-	-	-	-	21	-	176	(38)	159	(51)	(43)	65
Headline earnings for the financial year	2,785	513	-	167	3,465	442	78	279	(669)	130	(1,247)	(667)	1,681
Headline earnings adjustments	-	(513)	2,148	(167)	1,468	-	-	-	-	-	(147)	83	1,404
Profit for the financial year	2,785	-	2,148	-	4,933	442	78	279	(669)	130	(1,394)	(584)	3,085

⁽¹⁾ Restated for the adoption of FRS 19 - see note 1.

⁽²⁾ Represents De Beers' share of Anglo American plc earnings for the 5 months to 31 May 2001.

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NOTES TO FINANCIAL STATEMENTS
CONTINUED

4 GROUP OPERATING PROFIT

US\$ million	2002	2001 Restated ⁽¹⁾
Group turnover	15,145	14,786
Cost of sales ⁽²⁾	(10,228)	(10,721)
Gross profit	4,917	4,065
Selling and distribution costs	(971)	(892)
Administrative expenses ⁽¹⁾	(1,550)	(1,334)
Other operating income	38	410
Exploration expenditure (see note 5)	(93)	(101)
Group operating profit	2,341	2,148

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Includes Group operating exceptional charges of US\$47 million in continuing operations (2001: US\$498 million).

US\$ million	2002	2001 Restated ⁽¹⁾
Operating profit is after charging:		
Depreciation of tangible assets – own assets	962	881
Goodwill amortisation ⁽¹⁾	139	129
Rentals under operating leases:		
Hire of plant and machinery	60	56
Other operating leases	49	34
Research and development expenditure	29	30
Auditors' remuneration:		
Audit:		
United Kingdom	2	2
Overseas	8	6
Other services provided by Deloitte & Touche ⁽²⁾ :		
United Kingdom	3	2
Overseas	5	2
Operating exceptional items (see note 2)	47	498

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Other services provided by Deloitte & Touche comprise further assurance services of US\$3.3 million (2001: US\$1.6 million), tax advisory services of US\$2.3 million (2001: US\$1.3 million) and other non-audit services of US\$2.8 million (2001: US\$1.5 million). Other services provided by other auditors comprise further assurance services of US\$0.4 million, tax advisory services of US\$0.2 million and other non-audit services of US\$0.1 million.

5 EXPLORATION EXPENDITURE

US\$ million	2002	2001
By business segment		
Platinum	13	13
Gold	27	25
Base Metals	47	59
Other	6	4
	93	101

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**

6 EMPLOYEE NUMBERS AND COSTS

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

Thousands	2002	2001
Platinum	45	41
Gold	45	59
Coal	9	9
Base Metals	6	17
Industrial Minerals	12	11
Forest Products	26	29
Ferrous Metals	11	12
Industries	22	25
Corporate Activities	1	1
	177	204

The principal locations of employment were:

Thousands	2002	2001
South Africa	122	142
Rest of Africa	10	21
Europe	30	29
North America	4	4
South America	7	5
Australia and Asia	4	3
	177	204

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

US\$ million	2002	2001
Wages and salaries	2,421	2,620
Social security costs	204	179
Post-retirement healthcare costs	17	22
Defined contribution pension plan costs	99	85
Defined benefit pension plan costs	55	52
	2,796	2,958

Disclosures on directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 1985 and those specified for audit by the Directors Remuneration Report Regulations 2002 are included in sections 1 to 6 of the remuneration report and form part of these financial statements.

7 EXCEPTIONAL ITEMS

Operating exceptional items

US\$ million	2002	2001
Disposal of Salobo Metais SA – reversal of previous impairment	46	–
Write-off in respect of ZCI/KCM copper mine in Zambia	–	(353)
Write-down of investments	(30)	–
Other impairments or write-downs of assets and feasibility study costs	(97)	(160)
Total operating exceptional items	(81)	(513)
Minority interests	–	11
	(81)	(502)

Non-operating exceptional items

US\$ million	2002	2001
Disposal of Tati Nickel Mining Company (Pty) Limited	53	–
Disposal of Salobo Metais SA	5	–
Disposal of Platinum mineral rights	10	–
Gain arising from the exchange of the 32.2% interest in the De Beers Group for the 45% interest in DB investments	–	1,089
Gain arising from the exchange of the 15.3% interest in FirstRand Limited for interests in Gold Fields Limited (11.3%) and Billiton Plc (7.1%)	–	637
Partial disposal of interests in South African Breweries plc	–	95
Further disposal of interests in FirstRand Limited	7	68
Partial disposal of interest in Standard Bank Investment Corporation	–	44
Disposal of interest in Billiton Plc	–	36
Disposal of Columbus Stainless	–	(120)
Disposal of Elandsrand and Deelkraal gold mines	–	(8)
Disposal of interests in Aracruz Celulose SA	–	114
Disposal of other non-core assets	4	(32)
Share of associates' exceptional items	19	225
Profit on disposal of fixed assets	98	2,148
KCM exit costs	(34)	–
Total non-operating exceptional items	64	2,148
Taxation	(3)	(147)
Minority interests	–	53
	61	2,054
Total exceptional items (net of tax and minority interests)	(20)	1,552

8 INVESTMENT INCOME

US\$ million	2002	2001
Interest and other financial income	226	442
Share of investment income of joint ventures	5	18
Share of investment income of associates	23	261
Dividend income from other financial assets	50	78
	304	799

Other financial income in the table above includes US\$77 million net losses arising from net foreign currency borrowings less deposits (2001: net gains of US\$64 million).

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**
9 INTEREST PAYABLE

US\$ million	2002	2001
Bank loans and overdrafts	215	298
Other loans	117	122
Unwinding of discount on rehabilitation provisions	8	17
Share of interest payable of joint ventures	33	101
Share of interest payable of associates	142	166
	515	704
Capitalised	(32)	(35)
	483	669

10 TAX ON PROFIT ON ORDINARY ACTIVITIES
a) Analysis of charge for the year

US\$ million	2002	2001 Restated ⁽¹⁾
United Kingdom corporation tax at 30%	(4)	4
South Africa corporation tax at 30%	435	665
Other overseas taxation	187	230
Share of joint ventures' taxation	29	12
Share of associates' taxation	216	211
Current tax on exceptional items	3	97
Total current tax	866	1,219
Deferred taxation – subsidiaries	160	115
Deferred taxation – joint ventures	14	5
Deferred taxation – associates	5	5
Deferred tax on exceptional items	–	50
Total deferred tax⁽²⁾	179	175
Total tax charge	1,045	1,394

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ The deferred tax charge relates to the origination and reversal of timing differences.

10 TAX ON PROFIT ON ORDINARY ACTIVITIES continued

b) Factors affecting current tax charge for the year

The current tax charge assessed for the year is lower than the standard rate of corporation tax in the United Kingdom and South Africa (30%). The differences are explained below:

US\$ million	2002	2001 Restated ⁽¹⁾
Profit on ordinary activities before tax	3,136	5,063
Tax on profit on ordinary activities at 30% (2001: 30%)	941	1,519
Tax effects of:		
Expenses not deductible for tax purposes:		
Operating exceptional items	24	153
Goodwill amortisation	41	18
Exploration costs	28	30
Other permanent items	10	25
Non-taxable income:		
Dividends receivable	(15)	(23)
Non-operating exceptional capital gains on disposal	(29)	(509)
Other non-operating exceptional items	10	(32)
Tax allowances for capital expenditure in excess of depreciation	(175)	(114)
Surplus tax losses	37	85
South African secondary tax on companies	53	74
Other differences	(59)	(7)
Current tax charge for the year	866	1,219

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

c) Factors that may affect future tax charges

Anglo American anticipates that its effective rate will remain above the statutory rate of 30% as the Group operates in certain countries where tax rates are higher than the UK rate, including South Africa (effective rate of 37.8% assuming distribution of profits).

Details of the deferred tax provision are given in note 23. In addition to the amounts provided in deferred tax, unrecognised assets exist in respect of taxable losses. No asset has been recognised in respect of these losses as it is not regarded as more likely than not that there will be suitable taxable profits against which to offset these losses. Any utilisation of these losses in the future may lead to a reduction in effective tax rates.

No deferred tax has been provided in respect of accumulated reserves of overseas subsidiaries, associates or joint ventures as no dividends have been declared. Overseas earnings are not remitted to the UK in such a way as to incur a UK tax charge.

11 DIVIDENDS

US\$ million	2002	2001
Interim paid – 15 US cents per ordinary share (2001: 15 US cents)	211	211
Final proposed – 36 US cents per ordinary share (2001: 34 US cents)	509	479
	720	690

As stated in note 24, the shares held by the employee benefit trust have waived the right to receive dividends.

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**
12 EARNINGS PER SHARE

	2002	2001 Restated ⁽¹⁾
Basic number of ordinary shares outstanding (million)	1,411	1,474
Ordinary shares issuable under employee share schemes (million)	15	17
Diluted number of ordinary shares outstanding (million)	1,426	1,491
Profit for the financial year:		
Basic earnings per share (US\$)	1.11	2.09
Diluted earnings per share (US\$)	1.10	2.07
Headline earnings for the financial year:		
Basic earnings per share (US\$)	1.25	1.14
Diluted earnings per share (US\$)	1.23	1.13

Basic and diluted number of shares outstanding represent the weighted average for the year.

Basic earnings per share is calculated by dividing the profit for the 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 shares issuable under employee share schemes granted where the exercise price is less than the average price of the Company's ordinary shares during the year.

A three-for-one bonus share issue was approved at the Extraordinary General Meeting held on 4 May 2001 and 1,222,983,732 ordinary shares of 50 US cents each were allotted to shareholders on the register at that date. On 11 June 2001, 163,212,568 ordinary shares (40,803,142 pre-bonus shares and 122,409,426 bonus shares) arising from the Group's interest in De Beers were cancelled. The impact on earnings per share has been included on a prospective basis.

Basic and dilutive earnings per share are also shown based on headline earnings, which the directors believe to be a useful additional measure of the Group's performance. Headline earnings per share is calculated in accordance with the definition issued by the Institute of Investment Management and Research (now Society of Investment Professionals), in Statement of Investment Practice No. 1, 'The Definition of Headline Earnings'.

	2002		2001	
	Earnings	Basic earnings per share US\$	Earnings Restated ⁽¹⁾	Basic earnings per share US\$ Restated ⁽¹⁾
US\$ million (unless otherwise stated)				
Profit for the financial year	1,563	1.11	3,085	2.09
Operating exceptional items	81	0.06	513	0.35
Non-operating exceptional items	(64)	(0.05)	(2,148)	(1.45)
Amortisation of goodwill:				
Subsidiaries	139	0.10	129	0.09
Joint ventures and associates	50	0.04	38	0.02
Related tax and minority interests:				
Exceptional items	3	—	83	0.05
Goodwill amortisation	(13)	(0.01)	(19)	(0.01)
Headline earnings for the financial year	1,759	1.25	1,681	1.14

⁽¹⁾ Restated for the adoption of FRS 19 -- see note 1.

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**NOTES TO FINANCIAL STATEMENTS
CONTINUED**

13 INTANGIBLE FIXED ASSETS

US\$ million	Goodwill
Cost	
At 1 January 2002 as previously reported	2,473
Prior year adjustment (see note 1)	34
At 1 January 2002 restated ⁽¹⁾	2,507
Acquisition of subsidiaries	246
Currency movements	128
At 31 December 2002	2,881
Accumulated amortisation	
At 1 January 2002 as previously reported	(405)
Prior year adjustment (see note 1)	(2)
At 1 January 2002 restated ⁽¹⁾	(407)
Charge for the year	(139)
Currency movements	(25)
At 31 December 2002	(571)
Net book value	
At 31 December 2002	2,310
At 31 December 2001 ⁽¹⁾	2,100

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

14 TANGIBLE FIXED ASSETS

US\$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other	Total
Cost					
At 1 January 2002	6,511	1,226	5,528	1,480	14,745
Additions	545	71	402	1,231	2,249
Acquisition of subsidiaries	1,646	143	1,013	47	2,849
Disposal of subsidiaries	(29)	(28)	(101)	(14)	(172)
Disposal of tangible fixed assets	(476)	(31)	(203)	(42)	(752)
Cessation of consolidation of KCM ⁽¹⁾	(25)	(23)	(166)	(87)	(301)
Reclassifications	(456)	250	1,219	(975)	38
Currency movements	1,117	233	1,501	142	2,993
At 31 December 2002	8,833	1,841	9,193	1,782	21,649
Accumulated depreciation					
At 1 January 2002	(2,091)	(107)	(1,660)	(117)	(3,975)
Charge for the year	(329)	(51)	(564)	(18)	(962)
Disposal of subsidiaries	21	13	71	–	105
Disposal of tangible fixed assets	232	12	164	5	413
Cessation of consolidation of KCM ⁽¹⁾	25	23	166	87	301
Reclassifications	331	(49)	(353)	(38)	(109)
Currency movements	(342)	(17)	(519)	(13)	(891)
At 31 December 2002	(2,153)	(176)	(2,695)	(94)	(5,118)
Net book value					
At 31 December 2002	6,680	1,665	6,498	1,688	16,531
At 31 December 2001	4,420	1,119	3,868	1,363	10,770

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

⁽¹⁾ KCM ceased to be consolidated by the Group during the year – see note 29.

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**
14 TANGIBLE FIXED ASSETS continued

The net book value of land and buildings comprises:

US\$ million	2002	2001
Freehold	1,560	1,027
Leasehold – long	92	77
Leasehold – short	13	15
	1,665	1,119

Included in the cost above is US\$32 million of interest (2001: US\$35 million) which has been capitalised during the year. Aggregate interest capitalised included in the cost above totals US\$100 million (2001: US\$68 million). Tax relief on interest capitalised is based on the tax rates prevailing in the jurisdiction in which the interest is incurred.

Included in tangible fixed assets are properties in the course of construction and land and buildings amounting to US\$1,276 million (2001: US\$1,033 million) which are not depreciated.

A nominal discount rate of 10% – 12%, when grossed up for tax, was used in the performance of impairment reviews.

15 FIXED ASSET INVESTMENTS

US\$ million	Interest in joint ventures		Interest in associates ⁽²⁾		Other investments ⁽³⁾			Total
	Loans	Equity	Loans	Equity	Loans	Equity	Own shares	
Cost								
At 1 January 2002 as previously reported	356	1,363	99	2,732	262	817	706	6,335
Prior year adjustment (see note 1)	–	(18)	–	(4)	–	–	–	(22)
At 1 January 2002 restated ⁽¹⁾	356	1,345	99	2,728	262	817	706	6,313
Group's share of profits less losses	–	117	–	392	–	–	–	509
Additions	–	8	–	623	–	359	–	990
Disposals	–	(135)	–	(59)	(77)	(333)	(21)	(625)
Reclassifications	132	(208)	(10)	188	20	(218)	–	(96)
Advances/(repayments)	73	(90)	(4)	(168)	32	(9)	–	(166)
Cessation of consolidation of KCM ⁽⁴⁾	–	–	–	–	–	291	–	291
Currency movements	–	119	1	727	9	191	–	1,047
At 31 December 2002	561	1,156	86	4,431	246	1,098	685	8,263
Provisions for impairment								
At 1 January 2002	–	(139)	(3)	(390)	(26)	(176)	(56)	(790)
(Charge)/utilisation for the year	–	(34)	–	(8)	(2)	270	1	227
Reclassifications	–	–	3	–	(15)	(3)	–	(15)
Cessation of consolidation of KCM ⁽⁴⁾	–	–	–	–	–	(291)	–	(291)
Currency movements	–	–	–	–	(6)	(12)	–	(18)
At 31 December 2002	–	(173)	–	(398)	(49)	(212)	(55)	(887)
Net book value								
At 31 December 2002	561	983	86	4,033	197	886	630	7,376
At 31 December 2001 restated ⁽¹⁾	356	1,206	96	2,338	236	641	650	5,523

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Interest in associates at 31 December 2002 includes US\$616 million of goodwill (2001: US\$364 million).

⁽³⁾ Listed investments of US\$323 million are included in other investments above. The market value of these listed investments exceeded the carrying value at 31 December 2002 by US\$279 million (2001: US\$229 million).

⁽⁴⁾ KCM ceased to be consolidated by the Group during the year – see note 29.

16 JOINT VENTURES AND ASSOCIATES

US\$ million	2002			2001		
	Joint ventures	Associates	Total	Joint ventures Restated ⁽¹⁾	Associates Restated ⁽¹⁾	Total Restated ⁽¹⁾
Fixed assets	2,207	4,186	6,393	2,389	2,850	5,239
Current assets	556	2,263	2,819	588	1,678	2,266
Liabilities due within one year	(302)	(664)	(966)	(555)	(243)	(798)
Liabilities due after more than one year	(917)	(1,666)	(2,583)	(860)	(1,851)	(2,711)

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

17 STOCKS

US\$ million	2002	2001
Raw materials and consumables	668	530
Work-in-progress	352	285
Finished products	794	568
	1,814	1,383

The difference between the replacement cost and the values included in the financial statements is not material.

18 DEBTORS

US\$ million	2002			2001		
	Under one year	After one year	Total	Under one year	After one year Restated ⁽¹⁾	Total Restated ⁽¹⁾
Trade debtors	2,232	3	2,235	1,856	5	1,861
Amounts owed by joint ventures	49	2	51	72	54	126
Other debtors	649	62	711	576	19	595
Prepayments and accrued income ⁽²⁾	169	171	340	83	170	253
	3,099	238	3,337	2,587	248	2,835

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Includes US\$168 million in relation to prepaid pension contributions (2001: US\$155 million).

19 CURRENT ASSET INVESTMENTS

US\$ million	2002		2001	
	Market value	Group carrying value	Market value	Group carrying value
Bank term deposits	923	923	707	707
Quoted fixed and floating rate debt securities	3	3	752	745
Unquoted fixed and floating rate debt securities	217	217	556	551
	1,143	1,143	2,015	2,003

20 OTHER CURRENT LIABILITIES

US\$ million	2002	2001
Trade creditors	1,541	1,482
Taxation and social security	772	622
Other creditors	1,128	1,064
Accruals and deferred income	379	289
Proposed dividend (see note 11)	509	479
	4,329	3,936

21 LONG TERM LIABILITIES

US\$ million	2002	2001
Convertible debt	1,084	–
Other long term liabilities:		
Bank loans	3,996	2,133
Other loans	760	426
Other creditors	33	76
	4,789	2,635
Total long term liabilities	5,873	2,635

In April 2002 Anglo American issued US\$1.1 billion 3½ per cent convertible bonds, due 17 April 2007, convertible into ordinary shares of Anglo American. The bonds were issued at par and bear a coupon of 3½ per cent per annum, payable semi-annually.

The conversion price is £16.13 which represents a premium of 35 per cent over the closing price of the shares in London at the date of offer. The bonds can be converted by the holder at any time between 28 May 2002 and up to fourteen business days prior to 17 April 2007. The total number of ordinary shares of US\$0.50 each which could be issued on conversion is 47,589,607. The bonds can be redeemed by Anglo American at their principal amount at any time after 9 May 2005, if the share price is at least 130 per cent of the conversion price for 20 dealing days within a 30 day dealing period. The bonds can also be redeemed by Anglo American at their principal amount once conversion rights have been exercised in respect of 85% of the principal amount of the bonds. If not converted or previously redeemed the bonds will be redeemed at par on 17 April 2007. The market value of the convertible debt at 31 December 2002 was US\$1,088 million.

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 2002					
Convertible debt	–	–	1,084	–	1,084
Bank loans and overdrafts	1,715	1,277	2,398	321	5,711
Other financial liabilities	203	249	449	95	996
Total at 31 December 2002	1,918	1,526	3,931	416	7,791
At 31 December 2001					
Bank loans and overdrafts	2,157	400	643	1,090	4,290
Other financial liabilities	144	38	75	389	646
Total at 31 December 2001	2,301	438	718	1,479	4,936

At 31 December 2002, loans of US\$160 million (2001: US\$171 million) and US\$399 million (2001: US\$358 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 2002, the rates of interest charged on the majority of these loans ranged from 1% to 17%.

Loans repayable after more than five years included in the above table as at 31 December 2002 include amounts of US\$178 million payable by instalments (2001: US\$711 million). The aggregate amount of loans, any instalment of which falls due after more than five years, is US\$355 million (2001: US\$899 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 8.

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. The use of derivative instruments can give rise to credit and market risk. The Group controls credit risk by entering into derivative contracts only with counterparties who are rated A1/P1, A 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 principally 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 2002 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\$25 million (2001: US\$17 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 2002 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\$4 million (2001: US\$8 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 10.28 million ounces priced forward at 31 December 2002, covering periods up to December 2012, with a marked to market value of negative US\$447 million at 31 December 2002. The value was based on a gold price of US\$346/oz, exchange rates of US\$/ZAR8.53 and US\$/AU\$1.79 and the prevailing market interest rates and volatilities at the time. As at 29 January 2003, the marked to market value of the hedge book was a negative US\$591 million, based on a gold price of US\$363/oz, exchange rates of US\$/ZAR8.6 and US\$/AU\$1.70 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, 'Derivatives and other financial instruments: disclosures'.

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**NOTES TO FINANCIAL STATEMENTS
CONTINUED**

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		Non-interest bearing financial liabilities
					Weighted average interest rate %	Weighted average period for which the rate is fixed Years	Weighted average period until maturity Years
At 31 December 2002							
US\$	5,776	4,599	1,157	20	3.2	4.0	0.8
SA rand	713	447	256	10	16.3	1.4	1.0
Sterling	145	138	2	5	7.0	1.2	2.4
Euro	790	571	186	33	3.8	2.4	2.3
Canadian \$	14	–	–	14	–	–	5.0
Australian \$	23	16	–	7	–	–	8.0
Other currencies	330	286	31	13	9.8	10.3	0.8
Gross financial liabilities	7,791	6,057	1,632	102	5.5	3.5	2.5
At 31 December 2001							
US\$	3,307	3,241	48	18	4.3	9.2	4.4
SA rand	442	228	204	10	15.4	2.5	1.1
Sterling	96	1	80	15	5.0	1.0	5.4
Euro	810	603	191	16	4.0	3.0	2.2
Canadian \$	–	–	–	–	–	–	–
Australian \$	33	26	–	7	–	–	2.0
Other currencies	248	176	65	7	8.0	3.8	1.8
Gross financial liabilities	4,936	4,275	588	73	8.6	3.2	3.2

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		Fixed rate financial assets	
				Equity investments	Other non-interest bearing financial assets	Weighted average interest rate %	Weighted average period for which the rate is fixed Years
At 31 December 2002							
US\$	1,165	1,071	–	77	17	–	–
SA rand	1,398	594	147	627	30	14.0	1.9
Sterling	220	174	–	20	26	–	–
Euro	184	129	3	29	23	3.0	1.0
Canadian \$	15	5	–	–	10	–	–
Australian \$	31	12	–	19	–	–	–
Other currencies	283	115	42	114	12	17.6	1.0
Gross financial assets	3,296	2,100	192	886	118	14.6	1.5

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NOTES TO FINANCIAL STATEMENTS
CONTINUED

22(a) INTEREST RATE AND CURRENCY PROFILE continued

Financial assets

US\$ million Currency	Total	Non-interest bearing assets			Fixed rate financial assets		
		Floating rate financial assets	Fixed rate financial assets	Equity investments	Other non-interest bearing financial assets	Weighted average interest rate %	Weighted average period for which the rate is fixed Years
At 31 December 2001							
US\$	1,792	1,418	198	146	30	4.6	5.6
SA rand	1,331	811	173	330	17	12.8	5.1
Sterling	165	118	—	10	37	—	—
Euro	226	149	13	35	29	4.1	5.3
Canadian \$	14	14	—	—	—	—	—
Australian \$	59	15	—	44	—	—	—
Other currencies	208	125	1	76	6	8.0	1.0
Gross financial assets	3,795	2,650	385	641	119	8.3	5.3

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.

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	2002		2001	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Cash at bank and in hand	1,070	1,070	915	915
Current asset investments	1,143	1,143	2,015	2,003
Long term investments (excluding own shares)	1,362	1,083	1,106	877
Gross financial assets	3,575	3,296	4,036	3,795
Short term borrowings	1,896	1,918	2,301	2,301
Convertible debt	1,088	1,084	—	—
Long term borrowings	4,476	4,756	2,363	2,559
Other financial liabilities	33	33	76	76
Gross financial liabilities	7,493	7,791	4,740	4,936

22(b) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES continued

Derivative instruments

US\$ million	2002			2001		
	Estimated fair value asset	Estimated fair value liability	Carrying value	Estimated fair value asset	Estimated fair value liability	Carrying value
Foreign exchange risk	107	125	7	281	299	(1)
Interest rate risk	7	2	1	14	3	3
Commodity price risk:						
Gold	315	746	–	388	581	–
Other commodity derivatives	18	5	–	28	1	1
Other	–	1	–	–	1	(1)
	447	879	8	711	885	2

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;

Convertible debt – fair value is based on the quoted market value of the convertible bonds;

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; and

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	2002	2001
Expiry date:		
In one year or less	2,972	1,601
In more than one year but not more than two years	234	32
In more than two years	784	2,278
	3,990	3,911

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 2002 are as follows:

Unrecognised gains and losses on hedges at 31 December 2002

US\$ million	Gains	Losses	Total net losses
Unrecognised gains and losses on hedges at 1 January 2002	498	(674)	(176)
Less: Gains and losses arising in previous years that were recognised in 2002	(175)	172	(3)
Add: Gains and losses arising in 2002 that were not recognised during the year	64	(322)	(258)
Currency movements	6	(9)	(3)
Unrecognised gains and losses on hedges at 31 December 2002	393	(833)	(440)
Of which:			
Gains and losses expected to be recognised during the year 2003	138	(279)	(141)
Gains and losses expected to be recognised during the years 2004 and following	255	(554)	(299)

22(e) CURRENCY PROFILE

The main functional currencies of the Group include the US dollar, South African rand, sterling, euro, Canadian dollar and Australian 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. 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 and represent the transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account, other than certain non functional currency borrowings which are treated as hedges of net investments in overseas operations.

Net foreign currency monetary assets/(liabilities)

US\$ million	Net foreign currency monetary assets/(liabilities)							Total
	US\$	SA rand	Sterling	Euro	Canadian \$	Australian \$	Other currencies	
At 31 December 2002								
Functional currency of Group operations:								
US\$	N/A	(24)	98	(91)	–	(13)	(53)	(83)
SA rand	(363)	N/A	93	16	20	8	14	(212)
Sterling	1	–	N/A	12	–	–	15	28
Euro	25	–	(11)	N/A	–	2	(210)	(194)
Canadian \$	(284)	–	–	–	N/A	–	–	(284)
Australian \$	29	–	–	–	–	N/A	–	29
Total at 31 December 2002	(592)	(24)	180	(63)	20	(3)	(234)	(716)
At 31 December 2001								
Functional currency of Group operations:								
US\$	N/A	1	–	4	–	–	46	51
SA rand	15	N/A	96	24	14	12	15	176
Sterling	(1,248)	–	N/A	(26)	–	–	17	(1,257)
Euro	(6)	–	(29)	N/A	–	1	(143)	(177)
Canadian \$	(250)	–	–	–	N/A	–	–	(250)
Australian \$	49	–	–	–	–	N/A	–	49
Total at 31 December 2001	(1,440)	1	67	2	14	13	(65)	(1,408)

23 PROVISIONS FOR LIABILITIES AND CHARGES

US\$ million	Post-retirement medical funding	Pensions and similar obligations	Deferred taxation	Restoration, rehabilitation and environmental	Other	Total
At 1 January 2002 as previously reported	264	116	87	384	410	1,261
Prior year adjustment (see note 1)	-	-	933	-	-	933
At 1 January 2002 restated ⁽¹⁾	264	116	1,020	384	410	2,194
Subsidiaries acquired	-	39	(9)	93	13	136
Subsidiaries disposed	(3)	(4)	-	(5)	(50)	(62)
Cessation of consolidation of KCM ⁽²⁾	-	-	-	(25)	(5)	(30)
Charged/(credited) to profit and loss	17	52	160	28	102	359
Reclassifications	3	14	-	(23)	(65)	(71)
Unwinding of discount	-	-	-	8	-	8
Unused amounts reversed to profit and loss	-	-	-	(2)	(68)	(70)
Amounts applied	(24)	(51)	-	(4)	(109)	(188)
Currency movements	106	14	411	37	52	620
At 31 December 2002	363	180	1,582	491	280	2,896

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

US\$ million	2002	2001 Restated ⁽¹⁾
Capital allowances in excess of depreciation	1,765	1,260
Other timing differences	(183)	(240)
	1,582	1,020

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ KCM ceased to be consolidated by the Group during the year – see note 29.

The potential impact of unprovided deferred tax assets on the future effective tax rate of the Group is discussed in note 10 c).

The restoration, 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 consist of provisions for restructuring and reorganisation costs and for other obligations existing at 31 December 2002, which are expected to be utilised during 2003.

24 CALLED-UP SHARE CAPITAL

	2002		2001	
	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	2,000,000,000	1,000	1,467,787,432	734
		1,000		734
Called up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	-	50,000	-
Ordinary shares of 50 US cents each	1,469,156,171	735	1,467,434,848	734
		735		734

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

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

During the year 9,490 ordinary shares of 50 US cents each were allotted in respect of certain non-executive directors by subscription of their after-tax directors' fees. A further 1,711,833 ordinary shares of 50 US cents were allotted on exercise of employee share option plans.

24 CALLED-UP SHARE CAPITAL continued

Former AAC Executive Share Incentive Scheme⁽¹⁾

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 2002	Options exercised in year ⁽²⁾	Options lapsed in year	Options outstanding 31 Dec 2002
1990-1997	1 January 1999 to 15 December 2007	3.81	1,028,400	(341,600)	-	686,800
1998	1 January 2000 to 4 December 2008	3.57	13,539,400	(1,635,700)	(9,400)	11,894,300
1999	4 January 2001 to 4 January 2009	3.00	548,000	(55,200)	-	492,800
			15,115,800	(2,032,500)	(9,400)	13,073,900

The above share option prices have been calculated using a weighted average option price based on the shares outstanding at 31 December 2002 and converted to sterling using an exchange rate of £1.00 = ZAR 13.8067.

Executive Share Option Scheme⁽¹⁾

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 2002	Options granted during the year	Options exercised in year ⁽²⁾	Options lapsed in year	Options outstanding 31 Dec 2002
1999	24 June 2002 to 23 June 2009	6.98	6,111,800	-	(1,016,280)	(52,000)	5,043,520
1999	19 October 2002 to 18 October 2009	8.00	510,000	-	(2,252)	(40,000)	467,748
2000	23 March 2003 to 22 March 2010	7.66	6,451,748	-	(140,000)	(77,500)	6,234,248
2000	26 June 2003 to 25 June 2010	7.66	147,816	-	-	-	147,816
2000	12 September 2003 to 11 September 2010	10.19	261,000	-	-	(6,000)	255,000
2001	2 April 2004 to 1 April 2011	10.03	7,707,000	-	(50,900)	(90,583)	7,565,517
2001	13 September 2004 to 12 September 2011	8.00	135,200	-	-	-	135,200
2002	18 March 2005 to 17 March 2012	11.50	-	7,557,316	-	(35,100)	7,522,216
2002	13 September 2005 to 12 September 2012	8.05	-	122,892	-	-	122,892
			21,324,564	7,680,208	(1,209,432)	(301,183)	27,494,157

SAYE Share Option Scheme⁽¹⁾

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 2002	Options granted during the year	Options exercised in year ⁽²⁾	Options lapsed in year	Options outstanding 31 Dec 2002
1999	1 September 2002 to 28 February 2003	6.38	129,212	-	(105,551)	(2,857)	20,804
1999	1 September 2004 to 28 February 2005	6.38	218,348	-	(23,447)	(37,913)	156,988
1999	1 September 2006 to 28 February 2007	6.38	54,104	-	(6,262)	(11,514)	36,328
2000	1 July 2003 to 31 December 2003	4.85	1,187,661	-	(98,433)	(104,867)	984,361
2000	1 July 2005 to 31 December 2005	4.85	1,666,568	-	(65,352)	(174,948)	1,426,268
2000	1 July 2007 to 31 December 2007	4.85	528,220	-	(18,795)	(63,825)	445,600
2001	1 July 2004 to 31 December 2004	8.45	385,900	-	(6,880)	(75,722)	303,298
2001	1 July 2006 to 31 December 2006	8.45	308,634	-	(3,632)	(50,721)	254,281
2001	1 July 2008 to 31 December 2008	8.45	106,595	-	(475)	(29,148)	76,972
2002	1 September 2005 to 28 February 2006	9.23	-	309,758	-	(15,996)	293,762
2002	1 September 2007 to 28 February 2008	9.23	-	202,434	-	(5,012)	197,422
2002	1 September 2009 to 28 February 2010	9.23	-	71,719	-	(1,322)	70,397
			4,585,242	583,911	(328,827)	(573,845)	4,266,481

24 CALLED-UP SHARE CAPITAL continued

Other share incentive schemes⁽³⁾

During the year the Company operated a number of other share schemes under which ordinary shares of 50 US cents may be awarded for no consideration.

	Awards outstanding at 31 Dec 2002	Latest performance period end/ latest release date ⁽⁵⁾
Deferred bonus matching ⁽¹⁾	206,094	1 January 2005
Share incentive plan ⁽¹⁾	79,409	5 December 2005
Long term incentive plan ⁽⁴⁾	2,751,326	31 December 2004

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

⁽²⁾ As of 24 June 2002 the provision of these shares has been facilitated by the issue of new share capital. Prior to this date, provision of these shares was facilitated by an employee benefit trust.

⁽³⁾ Provision of these shares is facilitated by an employee benefit trust.

⁽⁴⁾ The long term incentive awards are contingent on pre-established performance criteria being met.

⁽⁵⁾ Latest performance period relates only to the long term incentive plan. For the deferred bonus matching plan and share incentive plan, the dates given are the latest release dates.

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust. During the year, 1,842,226 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 56.9 million shares held by the trust at 31 December 2002 was US\$846 million. At 31 December 2001 the market value of the 58.9 million shares held by the trust was US\$893 million.

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

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 ⁽¹⁾⁽²⁾	Total
Group						
At 1 January 2002 as previously reported	734	1,203	636	716	10,137	13,426
Prior year adjustment (see note 1)	-	-	-	-	(570)	(570)
At 1 January 2002 restated ⁽¹⁾	734	1,203	636	716	9,567	12,856
Profit for the financial year	-	-	-	-	1,563	1,563
Dividends paid and proposed	-	-	-	-	(720)	(720)
Shares issued	1	13	-	-	-	14
Net unrealised gain arising on the exchange of business ⁽³⁾	-	-	-	-	17	17
Currency translation differences ⁽⁴⁾	-	-	-	-	2,531	2,531
At 31 December 2002	735	1,216	636	716	12,958	16,261

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Certain of the Group's subsidiaries operate in South Africa, where significant exchange control restrictions on distributions limit the Group's access to distributable profits and cash balances.

⁽³⁾ The unrealised gain is stated net of a related overseas current tax charge of US\$22 million.

⁽⁴⁾ An explanation of the currency translation differences included in the profit and loss reserve above is included in the financial review on page 9.

26 CONSOLIDATED CASH FLOW STATEMENT ANALYSIS

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

US\$ million	2002	2001 Restated ⁽¹⁾
Group operating profit – subsidiaries	2,341	2,148
Depreciation and amortisation charges	1,101	1,010
(Increase)/decrease in stocks	(117)	1
Decrease/(increase) in debtors	67	(274)
Increase in creditors	48	135
Provisions and impairments	162	553
Other items	16	(34)
Net cash inflow from operating activities	3,618	3,539

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

b) Financing

US\$ million	2002	2001
Decrease in short term borrowings	(514)	(1,332)
Increase/(decrease) in long term borrowings	2,932	(218)
Net movement in minorities' shares and loans	(1)	3
Exercise of share options	41	8
Repurchase of shares in subsidiary	–	(128)
Financing	2,458	(1,667)

c) Reconciliation of net cash flow to movement in net debt

US\$ million	2002	2001
Increase in cash in the year	60	226
Cash (inflow)/outflow from debt financing	(2,418)	1,550
Cash (inflow)/outflow from management of liquid resources	(1,021)	287
Change in net debt resulting from cash flows	(3,379)	2,063
Loans and current asset investments acquired with subsidiaries	(212)	(52)
Loans and current asset investments disposed with subsidiaries	4	11
Cessation of consolidation of KCM ⁽²⁾	148	–
Exchange adjustments	(121)	(450)
Movement in net debt	(3,560)	1,572
Net debt at start of year	(2,018)	(3,590)
Net debt at end of year	(5,578)	(2,018)

⁽²⁾ KCM ceased to be consolidated by the Group during the year – see note 29.

27 MOVEMENT IN NET DEBT

US\$ million	2001	Cash flow	Acquisitions excluding cash and overdrafts	Disposals excluding cash and overdrafts	Cessation of consolidation of KCM ⁽¹⁾	Exchange movements	2002
Cash at bank and in hand ⁽²⁾	857	60	–	–	39	84	1,040
Debt due after one year	(2,635)	(2,932)	(109)	4	49	(250)	(5,873)
Debt due within one year	(2,243)	514	(103)	–	60	(116)	(1,888)
	(4,878)	(2,418)	(212)	4	109	(366)	(7,761)
Current asset investments	2,003	(1,021)	–	–	–	161	1,143
Total	(2,018)	(3,379)	(212)	4	148	(121)	(5,578)

⁽¹⁾ KCM ceased to be consolidated by the Group during the year – see note 29.

⁽²⁾ Net of bank overdrafts.

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**
28 ACQUISITION OF SUBSIDIARIES

The following were the principal acquisitions made during the year to 31 December 2002, accounted for under the acquisition method.

Name of company acquired	Percentage acquired	Date of acquisition
Anglo American Platinum Corporation Limited	9.7%	Piecemeal in 2002
Compañía Minera Disputada de Las Condes Limitada	100%	November 2002
La Rochette (certain corrugated packaging assets only)	100%	July 2002
Syktyvkar Forest Enterprises	78%	During 2002
MC BVI (Moly-Cop)	100%	May 2002
Durox	100%	January 2002
Mavike (aggregates and ready-mix business only)	100%	October 2002

The fair values of the acquired assets and liabilities in the table below are provisional, and will be finalised in the 2003 financial statements when the final values arising from the fair value exercises are confirmed. Revaluations in the table below principally comprise adjustments to tangible fixed assets in respect of reserves acquired.

In respect of the acquisitions in 2001, the final fair value exercises have been completed. There were no material adjustments to the fair values of the acquired assets and liabilities as disclosed in the 2001 financial statements.

Analysis of fair value of identifiable net assets of subsidiaries acquired

US\$ million	2002				2001
	Disputada	Anglo Platinum	Other acquisitions	Total	Total
Net assets acquired:					
Tangible fixed assets	1,364	751	734	2,849	644
Investments in joint ventures	–	–	8	8	–
Investments in associates	–	–	10	10	–
Other financial assets	–	–	8	8	–
Stocks	46	–	107	153	23
Debtors	46	–	143	189	95
Cash at bank and in hand	83	–	74	157	20
Short term borrowings	–	–	(103)	(103)	(6)
Other current liabilities	(39)	–	(147)	(186)	(60)
Long term liabilities	–	–	(109)	(109)	(46)
Provisions for liabilities and charges	(120)	–	(16)	(136)	(5)
Equity minority interests	–	96	(41)	55	98
	1,380	847	668	2,895	763
Goodwill arising on acquisition	–	–	246	246	(25)
Total cost of acquisition	1,380	847	914	3,141	738
Satisfied by:					
Net cash acquired	83	–	74	157	20
Expenses payable	4	–	17	21	–
Deferred consideration	–	–	1	1	–
Transfer from joint ventures to subsidiaries	–	–	51	51	–
Net cash paid	1,293	847	771	2,911	718

28 ACQUISITION OF SUBSIDIARIES continued

Disputada

On 13 November 2002 the Group acquired 100% of the interests in Disputada from affiliates of ExxonMobil Corporation for US\$1.3 billion. Consideration is potentially payable by the Group if the copper price reaches certain agreed average thresholds in any of the next three and a half years. This payment has not been provided for as it is not expected to materialise. The total maximum payment is capped at US\$120 million.

Profit after tax of Disputada for the period from 1 January 2002 to its acquisition on 13 November 2002 was US\$16.7 million. Disputada's profit after tax as reported in their statutory accounts for the year ended 31 December 2001 was US\$16.4 million.

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

US\$ million	Book amount	Revaluations	Accounting policy alignments	Other items	Fair value
Net assets acquired:					
Tangible fixed assets	587	746	27	4	1,364
Stocks	47	–	(1)	–	46
Debtors	46	–	–	–	46
Cash at bank and in hand	83	–	–	–	83
Other current liabilities	(39)	–	–	–	(39)
Provisions for liabilities and charges	(53)	–	(67)	–	(120)
	671	746	(41)	4	1,380
Goodwill arising on acquisition					–
Total cost of acquisition					1,380
Satisfied by:					
Net cash acquired					83
Expenses payable					4
Net cash paid					1,293

The fair value adjustments in the above table represent the following:

- Revaluations, reflecting the revaluation of reserves and resources, land and buildings and plant and equipment to fair value;
- Accounting policy adjustments, reflecting adjustments for differences between local and UK GAAP; and
- Other items represent costs capitalised during the acquisition.

Since acquisition, Disputada contributed US\$30 million to the Group's net operating cash flows, and utilised US\$9 million for investing activities.

Anglo Platinum

During the year the Group acquired a further 9.7% interest in Anglo Platinum, in piecemeal acquisitions. The profit after tax of Anglo Platinum for 2002 was US\$548.1 million (2001: US\$930.7 million).

The assets and liabilities acquired are set out in the following table:

US\$ million	Book amount	Revaluations	Fair value
Tangible fixed assets	–	751	751
Equity minority interests	96	–	96
	96	751	847
Goodwill arising on acquisition			–
Total cost of acquisition			847
Satisfied by:			
Net cash paid			847

Revaluations in the above table represent the revaluation of reserves and resources to fair value.

28 ACQUISITION OF SUBSIDIARIES continued

Other acquisitions

The assets and liabilities acquired in other acquisitions during the year are set out in the following table:

US\$ million	Book amount	Revaluations	Accounting policy alignments	Fair value
Net assets acquired:				
Tangible fixed assets	790	(57)	1	734
Investments in joint ventures	8	–	–	8
Investments in associates	10	–	–	10
Other financial assets	8	–	–	8
Stocks	109	(2)	–	107
Debtors	145	–	(2)	143
Cash at bank and in hand	74	–	–	74
Short term borrowings	(103)	–	–	(103)
Other current liabilities	(144)	–	(3)	(147)
Long term liabilities	(109)	–	–	(109)
Provisions for liabilities and charges	(16)	(1)	1	(16)
Equity minority interests	(44)	3	–	(41)
	728	(57)	(3)	668
Goodwill arising on acquisition				246
Total cost of acquisition				914
Satisfied by:				
Net cash acquired				74
Expenses payable				17
Deferred consideration				1
Transfer from joint ventures to subsidiaries				51
Net cash paid				771

The fair value adjustments in the above table represent the following:

- Revaluations, mainly reflecting the revaluation of mining properties and leases to fair value; and
- Accounting policy adjustments, reflecting adjustments for differences between local and UK GAAP.

29 DISPOSAL OF SUBSIDIARIES

US\$ million	2002	2001
Net assets disposed:		
Tangible fixed assets	67	16
Stocks	10	11
Debtors	30	49
Short term borrowings	–	(11)
Other current liabilities	(25)	(19)
Long term liabilities	(4)	–
Provisions for liabilities and charges	(62)	(4)
Profit on disposal	5	–
	21	42
Net cash inflow from disposal of subsidiaries during the year	21	42
Deferred consideration received in respect of prior periods	3	93
	24	135

Subsidiaries disposed of in the year include Cleveland Potash Limited, which was sold in April 2002.

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

The deferred consideration received in 2002 was in respect of the disposal of interests in Shaft Sinkers (Pty) Limited in 2001.

The deferred consideration received in 2001 was in respect of the disposal of interests in AECL Limited in 2000.

Anglo American ceased to consolidate its 33.1% effective interest in Konkola Copper Mines (KCM) with effect from 5 February 2002, when it ceased to control the assets or management of that undertaking. Following the cessation of consolidation of KCM and the agreement to restructure KCM as announced in August 2002, Anglo American retained no equity interest in KCM as at 31 December 2002.

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NOTES TO FINANCIAL STATEMENTS
CONTINUED

30 CAPITAL COMMITMENTS

US\$ million	2002	2001
Contracted but not provided	337	543

31 CONTINGENT LIABILITIES

Contingent liabilities comprise aggregate amounts of US\$278 million (2001: US\$314 million) in respect of loans and performance guarantees given to banks and other third parties.

AngloGold North America has US\$59 million of reclamation bonds with various federal and governmental agencies, to cover potential environmental obligations. These obligations are guaranteed by AngloGold Limited.

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.

In addition to the amounts relating to Group companies above, under Chilean law, payment of customs duties associated with capital assets can be deferred for up to seven years. As at 31 December 2002, Collahuasi has potential deferred customs duties of US\$40 million.

32 OPERATING LEASES

At 31 December 2002, the Group was committed to making the following payments during the next year in respect of operating leases:

US\$ million	2002		2001	
	Land and buildings	Other	Land and buildings	Other
Expiring within:				
One year	19	15	14	14
Two to five years	38	41	43	33
After five years	37	11	44	16
	94	67	101	63

33 RETIREMENT BENEFITS

The Group operates defined contribution and defined benefit pension plans for the majority of its employees. It also operates post-retirement medical arrangements in southern Africa and North America. The policy for accounting for pensions and post-retirement benefits is included in note 1.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of contributions payable by the Group in the financial year.

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in Europe and South America.

The retirement benefit charge for the year is as follows:

US\$ million	2002	2001
Defined contribution pension plans	99	85
Defined benefit pension plans	55	52
Post-retirement medical plans	17	22

The above defined benefit pension plan cost is comprised of a regular cost of US\$47 million and a variation cost of US\$8 million. The Group adopts a straight-line method of amortising unrecognised amounts over the future working lifetimes of employees.

Defined contribution

The pension cost represents the actual contributions payable by the Group to the various plans. At 31 December 2002, there were no material outstanding/prepaid contributions, and so no prepayment or accrual has been disclosed in the balance sheet in relation to these plans.

Post-retirement medical plans

The accumulated benefit obligation and the annual cost of accrual of benefits are assessed by independent qualified actuaries using the projected unit method. The accumulated benefit obligation calculated as at 31 December 2002 is US\$392 million (2001: US\$317 million). The provision recorded on the balance sheet as at 31 December 2002 amounts to US\$363 million (2001: US\$264 million).

33 RETIREMENT BENEFITS continued**Defined benefit pension plans**

Qualified actuaries carried out full valuations over the past three years using the projected unit method. The actuaries have updated the valuations to 31 December 2002. The actuary to the majority of the South African pension plans is an employee of the Group, but the actuaries to the other plans are independent of the Group.

At 31 December 2002 the estimated market value of the assets of the funded pension plans was US\$2,109 million (2001: US\$1,997 million) and the market value of the assets was sufficient to cover 89% (2001: 100%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. In particular, the funding levels of the UK funded pension plans have fallen in the past year as a result of falling asset values. Companies within the Group are paying contributions as required in accordance with local actuarial advice. The benefit obligation in respect of the unfunded plans at 31 December 2002 was US\$125 million (2001: US\$70 million).

To the extent that there is a difference between pension costs and contributions paid, a prepayment or provision arises. The accumulated difference provided in the balance sheet at 31 December 2002 gives rise to a prepayment of US\$168 million (2001: US\$155 million) and a provision of US\$180 million (2001: US\$116 million).

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs under SSAP 24 are detailed below (shown as weighted averages):

	2002			2001		
	Southern Africa %	The Americas %	Europe %	Southern Africa %	The Americas %	Europe %
Average discount rate for plan liabilities	11.5	7.2	5.6	11.6	7.2	5.9
Average rate of inflation	7.4	3.0	2.3	6.8	3.1	2.4
Average rate of increase in salaries	8.5	4.8	3.1	8.2	4.8	3.8
Average rate of increase of pensions in payment	7.3	3.8	2.6	6.5	4.4	2.6
Average long term rate of return on plan assets	11.9	8.2	6.9	11.5	7.9	6.3
Expected average increase in healthcare costs	9.8	6.1	N/A	9.9	6.0	N/A

FRS 17 background

In November 2000 the Accounting Standards Board issued FRS 17 'Retirement Benefits' replacing SSAP 24 'Accounting for Pension Costs'. The full implementation of FRS 17 has been deferred and will now be fully effective for periods beginning on or after 1 January 2005, though certain disclosures are required in the transition period, for periods ending on or after 22 June 2001. These further disclosures are included below.

Under SSAP 24, the projected unit method was one of the acceptable valuation methods. Per FRS 17, it is the only acceptable method of valuation. The pension plans have been valued historically using the projected unit method and so there is no change to the method of valuation of the defined benefit plans.

FRS 17 balance sheet disclosure

Under FRS 17, the assumption for the average discount rate for plan liabilities is based on AA corporate bonds of a suitable duration and currency. The discount rate and other actuarial assumptions are generally the same as for SSAP 24 and are given above. The market value of the assets in the plans and the long term expected rate of return on the pension plans as at 31 December 2002 are detailed below.

	Southern Africa		The Americas		Europe		Total
	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Fair value US\$ million
At 31 December 2002							
Equity	12.9	729	8.9	69	7.8	572	1,370
Bonds	9.7	214	8.1	77	5.3	292	583
Other	9.6	119	3.3	9	6.0	28	156
		1,062		155		892	2,109
Present value of pension plan liabilities		(1,068)		(261)		(1,162)	(2,491)
Deficit in the pension plans		(6)		(106)		(270)	(382)
Deferred tax		2		32		81	115
Net pension liability		(4)		(74)		(189)	(267)

33 RETIREMENT BENEFITS continued

At 31 December 2001	Southern Africa		The Americas		Europe		Total
	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Fair value US\$ million
Equity	12.6	583	8.0	77	7.1	735	1,395
Bonds	8.7	182	7.6	80	4.9	239	501
Other	8.0	72	3.2	5	6.1	24	101
		837		162		998	1,997
Present value of pension plan liabilities		(812)		(211)		(1,034)	(2,057)
Surplus/(deficit) in the pension plans		25		(49)		(36)	(60)
Surplus restriction		(25)		-		-	(25)
Deferred tax		-		15		10	25
Net pension liability		-		(34)		(26)	(60)

The surplus restriction arises where pension surpluses are not expected to give rise to future contribution reductions or refunds because of the extent of the surplus or because of local restrictions over the use of the surplus. In particular, the Group is reviewing the impact on the useable surpluses in its South African plans as a consequence of legislation passed in 2001 in South Africa. The liabilities shown above in respect of South Africa have been increased where applicable based on actuaries' estimates of complying with this new legislation.

The net pension liability comprises US\$6 million in respect of plans in surplus (2001: US\$62 million) and US\$273 million in respect of plans in deficit (2001: US\$122 million).

The net post-retirement medical plan liability arises as follows:

US\$ million	2002			2001		
	Southern Africa	The Americas	Total	Southern Africa	The Americas	Total
Present value of post-retirement medical plan liabilities	(359)	(33)	(392)	(286)	(31)	(317)
Deferred tax	108	10	118	86	9	95
Net post-retirement medical plan liability	(251)	(23)	(274)	(200)	(22)	(222)

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post-retirement medical plan liability.

FRS 17 profit and loss account disclosure

Had the company adopted FRS 17 early, amounts included in the consolidated profit and loss account for 2002 in respect of defined benefit pension and post-retirement medical plans would have been as follows:

US\$ million	Pension plans	Post-retirement medical plans	Total
Analysis of the amount charged to operating profit			
Current service cost	47	6	53
Past service costs	2	(2)	-
Curtailments and settlements	-	(12)	(12)
Total operating charge/(credit)	49	(8)	41
Analysis of the amount charged to other finance income/(costs)			
Expected return on plan assets	(179)	-	(179)
Interest cost on plan liabilities	182	37	219
Net charge to other finance income	3	37	40
Total charge to profit and loss account	52	29	81

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**
33 RETIREMENT BENEFITS continued

FRS 17 Statement of Total Recognised Gains and Losses (STRGL) disclosure

Amounts included in the consolidated STRGL for 2002 in respect of defined benefit pension plans and post-retirement medical plans would have been stated as follows:

US\$ million	Pension plans	Post-retirement medical plans	Total
Difference between actual and expected return on plan assets	(370)	—	(370)
Experience gains arising on plan liabilities	168	29	197
Effects of changes in assumptions underlying the plan liabilities	(37)	4	(33)
Total actuarial (losses)/gains recognised in the STRGL	(239)	33	(206)

The difference of US\$370 million between actual and expected return on plan assets is 18% of the plan assets at 31 December 2002. The experience gains and losses of US\$197 million arising on the plan liabilities represent 7% of the present value of the plan liabilities at 31 December 2002. The total actuarial loss of US\$206 million represents 7% of the present value of the plan liabilities at 31 December 2002.

FRS 17 liability disclosure

The movement during 2002 in the FRS 17 pension and post-retirement liability (before allowance for deferred tax) shown above can be analysed as follows:

US\$ million	Pension plans	Post-retirement medical plans	Total
As at 1 January 2002	(85)	(317)	(402)
Current service cost	(47)	(6)	(53)
Contributions	51	24	75
Acquisitions and disposals of subsidiaries	(35)	—	(35)
Past service costs and effects of settlements and curtailments	(2)	14	12
Net finance costs	(3)	(37)	(40)
Actuarial (losses)/gains	(239)	33	(206)
Currency movements	(22)	(103)	(125)
As at 31 December 2002	(382)	(392)	(774)

Had the company adopted FRS 17 early, the consolidated profit and loss reserve would have been restated as follows:

US\$ million	2002	2001
Profit and loss reserve at 31 December in the financial statements	12,958	9,567
Less: FRS 17 Retirement benefit reserve	(541)	(282)
Add: SSAP 24 balances:	262	157
Prepayment (see note 18)	(168)	(155)
Pension provision (see note 23)	180	116
Post-retirement medical provision (see note 23)	363	264
less: attributable deferred tax	(113)	(68)
Profit and loss reserve as adjusted	12,679	9,442

The above table does not include a restatement of the charges for pension and post-retirement medical plans in the current year profit and loss account that would arise from the adoption of FRS 17. The 2001 profit and loss reserve shown above is restated for the impact of FRS 19 – see note 1.

Potential volatility of FRS 17

The method for calculating the net pension asset under FRS 17 is likely to lead to volatility in the amount to be included in the balance sheet. Pension plan liabilities are measured by reference to long term AA bond yields that can move substantially and rapidly according to market conditions. The plans' assets, which principally comprise equities, are also subject to large market swings.

34 RELATED PARTY TRANSACTIONS

With effect from 1 June 2001, the cross-holding between Anglo American and De Beers was eliminated and Anglo American now accounts for its 45% interest in DB Investments (DBI), the new holding company of De Beers Société Anonyme. As a result of De Beers' partial interest in Debswana Diamond Company (Proprietary) Limited (one of the shareholders in DBI), Anglo American accounts for an additional 3.65% of DBI's post-tax equity earnings. Furthermore, Anglo American accounts for the dividends attributable to 10% non-cumulative preference shares with a redemption value of US\$701 million in DBI as part of operating profit, on the basis that the preference shares are part of Anglo American's investment in the diamond business.

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 to the Group by joint ventures are disclosed in note 18. Dividends received from joint ventures and associates during the year totalled US\$258 million (2001: US\$258 million), as disclosed in the consolidated cash flow statement on page 32.

35 RECONCILIATION OF NET OPERATING ASSETS TO NET ASSETS

US\$ million	2002	2001 Restated ⁽¹⁾
Net operating assets (see note 2)	21,122	14,744
Fixed asset investments	7,376	5,523
Current asset investments	1,143	2,003
Cash at bank and in hand	1,070	915
Other non-operating assets and liabilities	(2,868)	(3,414)
Long term liabilities	(5,873)	(2,635)
Provisions for liabilities and charges	(2,896)	(2,194)
Equity minority interests	(2,304)	(1,607)
Proposed dividend	(509)	(479)
Net assets	16,261	12,856

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

**NOTES TO FINANCIAL STATEMENTS
CONTINUED**

36 FINANCIAL STATEMENTS OF THE PARENT COMPANY

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 AS AT 31/12/02

US\$ million	2002	2001
Fixed assets		
Fixed asset investments	10,135	10,047
Current assets		
Amounts due from subsidiaries	184	125
Cash at bank and in hand	65	18
	249	143
Short term borrowings		
– Bank loans due within one year	(991)	(1,019)
– Amounts owed to subsidiaries	(2,912)	(4,858)
	(3,903)	(5,877)
Other current liabilities		
– Proposed dividend	(286)	(307)
– Other creditors	(14)	(3)
Net current liabilities	(3,954)	(6,044)
Long term liabilities		
– Convertible debt (see note 21)	(1,084)	–
– Bank loans due in more than one year	(1,633)	–
Net assets	3,464	4,003
Capital and reserves		
Called-up share capital (see note 24)	735	734
Share premium account	1,216	1,203
Capital redemption reserve	82	82
Profit and loss account	1,431	1,984
Total shareholders' funds (equity)	3,464	4,003

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36 FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

Statement of movement in shareholders' funds and movement of reserves

US\$ million	Issued share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
Balance at 1 January 2002	734	1,203	82	1,984	4,003
Loss for the financial year	-	-	-	(148)	(148)
Bonus share issue	-	-	-	-	-
Shares issued	1	13	-	-	14
Dividends paid and proposed	-	-	-	(405)	(405)
At 31 December 2002	735	1,216	82	1,431	3,464

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.

Fixed asset investments

US\$ million	Investment in subsidiaries Equity	Own shares	Total
Cost			
At 1 January 2002	9,397	706	10,103
Additions	116	-	116
Disposals	-	(21)	(21)
At 31 December 2002	9,513	685	10,198
Provisions for impairment			
At 1 January 2002	-	(56)	(56)
Charge for the year	(8)	(11)	(19)
Amounts applied	-	12	12
At 31 December 2002	(8)	(55)	(63)
Net book value			
At 31 December 2002	9,505	630	10,135
At 31 December 2001	9,397	650	10,047

The audit fee in respect of the parent company was US\$18,120 (2001: US\$14,000).

37 GROUP COMPANIES

The principal subsidiaries, proportionally consolidated joint arrangements, joint ventures and associates of the Group at 31 December 2002, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. The Group has restricted the information to its principal subsidiaries as full compliance with section 231 (b) of the Companies Act would result in a statement of excessive length.

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned ⁽²⁾
Platinum			
Anglo American Platinum Corporation Limited	South Africa	Platinum	67.6
Gold			
AngloGold Limited	South Africa	Gold	51.4
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
Bamisa – Barro Alto Mineração Limitada	Brazil	Nickel project	100
Ambase Exploration (Namibia) Proprietary Limited (Skorpion)	Namibia	Zinc project	100
Anglo American of South America Limitada (Catalão)	Brazil	Niobium	100
Compañía Minera Disputada de Las Condes Limitada	Chile	Copper	100
Empresa Minera de Mantos Blancos SA	Chile	Copper	99.9
Codemin SA	Brazil	Nickel	90
Minera Loma de Níquel, CA	Venezuela	Nickel	91.4
Minera Quellaveco SA	Peru	Copper project	80
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
Steeley Iberia SA	Spain	Construction materials	100
WKSM SA	Poland	Construction materials	97.3
Tarmac Severokamen A.S.	Czech Republic	Construction materials	95.4
Copebrás Limitada	Brazil	Sodium tripolyphosphate and fertilisers	73
Forest Products			
Mondi Limited	South Africa	Paper and Packaging	100
Mondi Packaging (Europe) SA	Luxembourg	Corrugated Packaging	100
Neusiedler AG	Austria	Graphic Paper	100
Frantschach Packaging AG	Austria	Industrial Packaging	70
Europapier AG	Austria	Paper Merchanting	70
Frantschach Swiecie SA	Poland	Pulp Packaging	60.7
Ferrous Metals			
Scaw Metals ⁽¹⁾	South Africa	Iron, steel and engineering works	100
Highveld Steel and Vanadium Corporation Limited	South Africa	Steel, vanadium and ferroalloys	80.2
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	52.9

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

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

37 GROUP COMPANIES continued

	Country of incorporation	Business	Percentage of equity owned ⁽⁵⁾
Proportionally consolidated joint arrangements⁽³⁾			
Drayton	Australia	Coal	88
Moranbah North	Australia	Coal	88
Dartbrook	Australia	Coal	78
German Creek	Australia	Coal	70
Moura	Australia	Coal	51
Joint ventures			
Aylesford Newsprint Holdings Limited	UK	Newsprint	50
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44
Nkomati	South Africa	Nickel	25
Lisheen (unincorporated)	Ireland	Zinc and lead	59.4
Associates⁽⁴⁾			
DB Investments SA	Luxembourg	Diamonds	45
Gold Fields Limited	South Africa	Gold	20.9
Queensland Coal Mine Management (Pty) Ltd	Australia	Coal	33.3
Cerrejón Zona Norte SA	Colombia	Coal	33.3
Carbones del Cerrejón LLC	Anguilla	Coal	33.3
Carbones del Guasare SA	Venezuela	Coal	24.9
Samancor Limited	South Africa	Chrome and manganese	40
Groote Eylandt Mining Company (Pty) Ltd (Gemco)	Australia	Manganese	40
Tasmanian Electro Metallurgical Company (Pty) Ltd (Temco)	Australia	Manganese	40
Anglovaal Mining Limited	South Africa	Ferrous, base and precious metals	24.9
Palabora Mining Company Limited	South Africa	Copper	28.7
Terra Industries Inc.	USA	Nitrogen fertiliser and methanol	48.8

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

⁽⁴⁾ As at 31 December 2002, Anglo American owned 23.7% of Anaconda Nickel Limited (Anaconda), which is incorporated in Australia and was not accounted for as an associate, on the basis that the Group did not exercise significant influence over it. See note 38 below, regarding the disposal of Anglo American's interest in Anaconda in 2003.

⁽⁵⁾ All equity interests shown are ordinary shares.

In addition, as at 31 December 2002 Anglo American held:

- > a 9.6% shareholding in Kumba Resources Limited (Kumba), which it accounted for as a cost-accounted investment;
- > an option to acquire a further 10.5% of Kumba through its proposed acquisition of Stimela Mining Limited, which was the subject of an application to competition authorities. This option was implemented in February 2003 (see note 38 below); and
- > the right to acquire a further 10.0% of Kumba from Deutsche Securities, subject to Anglo American securing such competition and regulatory approvals as it in its sole discretion determines are required.

Kumba is incorporated in South Africa and is involved in the iron ore extraction industry.

38 EVENTS OCCURRING AFTER END OF YEAR

In January 2003 Anglo American announced that it had signed a Pre-Bid Agreement with a wholly-owned subsidiary of MatlinPatterson Global Opportunities Partners LP (MatlinPatterson), which subsequently launched a takeover offer for Anaconda. Anglo American has now disposed of its entire rights entitlement and all of its shareholding in Anaconda for a total consideration of approximately US\$17 million.

In January 2003 Anglo Coal (German Creek) Pty Ltd, a wholly-owned subsidiary of Anglo American, agreed to purchase a 70% interest in the Girrah coal deposit in Central Queensland from Wesfarmers Curragh Pty Limited for a cash consideration of US\$33 million. The transaction is subject to the approval of the transfer of the mine development lease and approval by the Environmental Protection Agency (EPA). This is expected to be finalised in the first quarter of 2003.

In February 2003 Anglo American successfully renegotiated its bank borrowings in respect of Lisheen (59% effective interest). Under the agreement, Anglo American will own 100% of the bank debt and it will also acquire full security over the operation.

In February 2003 Anglo American implemented its option to acquire a further 10.5% of Kumba through Stimela Mining Limited. As a result, Anglo American's shareholding in Kumba increased to 20.1% with a further 10.0% awaiting competition and regulatory approvals (see note 37 above).

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RESERVES AND RESOURCES

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (tonnes) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
PLATINUM								
Anglo Platinum – reserves⁽⁴⁾								
Merensky Reef	Proved		121.2	109.7	4.95	5.29	600.0	580.0
	Probable		661.6	641.9	4.32	4.75	2,856.9	3,051.6
	Total		782.9	751.6	4.42	4.83	3,456.9	3,631.6
UG2 Reef	Proved		75.9	67.6	4.39	4.46	333.5	301.5
	Probable		858.5	743.2	4.66	4.62	4,000.4	3,436.6
	Total		934.4	810.8	4.64	4.61	4,334.0	3,738.0
Total	Proved		197.2	177.3	4.73	4.97	933.6	881.5
	Probable		1,520.1	1,385.1	4.51	4.68	6,857.4	6,488.2
	Total metric	100	67.6	1,717.3	1,562.4	4.54	4.72	7,790.9
Total imperial ⁽⁵⁾	100	67.6	1,893.0 Mton	1,722.3 Mton	0.132 oz/t	0.138 oz/t	250.5 Moz	236.9 Moz
Anglo Platinum – resources⁽⁴⁾								
Merensky Reef	Measured		9.2	–	4.52	–	41.7	–
	Indicated		1,455.4	799.9	3.92	4.83	5,709.8	3,863.5
	Measured + Indicated		1,464.7	799.9	3.93	4.83	5,751.4	3,863.5
UG2 Reef	Measured		208.4	63.1	5.71	4.91	1,190.3	309.8
	Indicated		1,475.0	1,217.6	5.04	5.18	7,431.1	6,306.9
	Measured + Indicated		1,683.4	1,280.7	5.12	5.17	8,621.4	6,616.7
Total	Measured		217.6	63.1	5.66	4.91	1,231.9	309.8
	Indicated		2,930.4	2,017.7	4.48	5.04	13,140.9	10,172.6
	Measured + Indicated (metric)	100	67.6	3,148.1	2,080.8	4.57	5.04	14,372.8
Measured + Indicated (imperial) ⁽⁵⁾	100	67.6	3,470.1 Mton	2,293.7 Mton	0.133 oz/t	0.147 oz/t	462.1 Moz	337.0 Moz
The Platreef (Potgietersrust) figures are included with the Merensky Reef.								
Increase in reserves and resources due to intensive exploration work done during 2002.								
Unki – reserves								
– Advanced project	Proved		14.9	14.9	4.30	4.30	64.1	64.1
	Probable		22.2	22.2	4.30	4.30	95.5	95.5
	Total metric	100	100	37.1	37.1	4.30	4.30	159.6
Total imperial ⁽⁵⁾	100	100	40.9 Mton	40.9 Mton	0.125 oz/t	0.125 oz/t	5.1 Moz	5.1 Moz
Unki – resources								
– Advanced project	Measured		19.5	19.5	4.98	4.98	97.1	97.1
	Indicated		29.1	29.1	4.98	4.98	144.9	144.9
	Measured + Indicated (metric)	100	100	48.6	48.6	4.98	4.98	242.0
Measured + Indicated (imperial) ⁽⁵⁾	100	100	53.6 Mton	53.6 Mton	0.145 oz/t	0.145 oz/t	7.8 Moz	7.8 Moz

Trial mining was carried out at Unki from January to June of 2002. The 3,170t of material mined at a grade of 4.98g/t 4E PGE had a negligible impact on the remaining ore reserves and mineral resources.

Rounding of figures may cause computational discrepancies.

(1) Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

(3) 4E PGE grade, i.e. platinum, palladium, rhodium and gold.

(4) joint venture agreements are still being finalised. Once finalised, the above statement will be affected.

(5) Total imperial units: tonnage is reported in million short tons (Mton), grade in troy ounces per short ton (oz/t) and contained metal in million troy ounces (Moz).

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RESERVES AND RESOURCES
CONTINUED**

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (tonnes) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
GOLD								
AngloGold – reserves								
East and West Africa	Proved		21.5	22.3	3.50	3.20	75.1	71.4
	Probable		52.3	43.2	3.73	3.96	195.3	171.2
	Total		73.8	65.6	3.66	3.70	270.4	242.6
Australia	Proved		49.0	50.3	1.42	1.44	69.7	72.6
	Probable		100.4	99.3	1.26	1.20	126.4	119.5
	Total		149.4	149.6	1.31	1.28	196.1	192.1
North America	Proved		57.8	81.4	1.34	1.32	77.7	107.0
	Probable		69.4	63.2	0.99	1.10	68.8	69.7
	Total		127.3	144.5	1.15	1.22	146.5	176.8
South Africa	Proved		94.7	62.1	2.22	3.05	210.4	189.2
	Probable		246.3	209.7	5.14	4.52	1,267.2	947.8
	Total		341.0	271.8	4.33	4.18	1,477.5	1,137.0
South America	Proved		15.3	7.0	6.22	8.06	95.5	56.6
	Probable		12.7	5.2	4.92	7.52	62.4	39.0
	Total		28.0	12.2	5.63	7.83	157.8	95.6
Total ⁽⁴⁾	Proved		238.3	223.1	2.22	2.23	528.3	496.8
	Probable		481.2	420.6	3.57	3.20	1,720.0	1,347.3
	Total metric	100	719.5	643.7	3.12	2.86	2,248.3	1,844.1
	Total imperial ⁽⁵⁾	100	793.1 Mton	709.6 Mton	0.091 oz/t	0.084 oz/t	72.3 Moz	59.3 Moz
AngloGold⁽³⁾ – resources								
East and West Africa	Measured		37.5	34.1	2.68	2.73	100.7	92.9
	Indicated		107.6	102.4	2.81	2.56	301.9	261.8
	Inferred		144.4	86.4	1.68	1.98	242.2	170.9
	Total		289.5	222.8	2.23	2.36	644.7	525.6
Australia	Measured		61.2	67.1	1.41	1.34	86.4	89.7
	Indicated		143.5	147.5	1.22	1.19	175.0	175.4
	Inferred		89.7	94.1	1.18	1.10	106.3	103.4
	Total		294.4	308.7	1.25	1.19	367.7	368.5
North America	Measured		85.1	105.3	1.24	1.27	105.7	133.3
	Indicated		107.3	87.5	1.12	1.26	120.1	110.3
	Inferred		69.2	54.3	1.28	1.29	88.7	69.9
	Total		261.6	247.1	1.20	1.27	314.6	313.5
South Africa	Measured		300.3	311.7	1.84	1.68	552.1	523.2
	Indicated		647.7	643.0	4.42	4.60	2,865.1	2,956.9
	Inferred		463.1	462.5	7.97	7.82	3,692.3	3,614.9
	Total		1,411.0	1,417.2	5.04	5.01	7,109.5	7,095.0
South America	Measured		32.4	19.9	4.41	4.83	143.1	96.2
	Indicated		22.1	19.7	4.68	4.75	103.4	93.3
	Inferred		42.2	45.6	6.20	5.93	261.8	270.6
	Total		96.7	85.2	5.26	5.40	508.4	460.2
Total ⁽⁴⁾	Measured		516.5	538.1	1.91	1.74	988.0	935.3
	Indicated		1,028.2	1,000.0	3.47	3.60	3,565.5	3,597.6
	Inferred		808.6	743.0	5.43	5.69	4,391.3	4,229.8
	Total metric	100	2,353.2	2,281.1	3.80	3.84	8,944.8	8,762.8
	Total imperial ⁽⁵⁾	100	2,594.0 Mton	2,514.5 Mton	0.111 oz/t	0.112 oz/t	287.6 Moz	281.7 Moz

Rounding of figures may cause computational discrepancies.

⁽¹⁾ Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

⁽³⁾ AngloGold report Measured and Indicated mineral resources 'as inclusive of those mineral resources modified to produce the ore reserve' (JORC), i.e. the reserves are included in the resource figure.

⁽⁴⁾ The tables above exclude the South African Free State Mines which were sold to Harmony Gold Mining Company Limited effective from 1 January 2002.

⁽⁵⁾ Total imperial units: tonnage is reported in million short tons (Mton), grade in troy ounces per short ton (oz/t) and contained metal in million troy ounces (Moz).

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Coal Resources are additional to the Coal Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Yield (%) ⁽⁵⁾	Heat content ⁽⁶⁾ (kcal/kg) Gross as received	Tonnes (millions) ⁽²⁾	
			ROM ⁽³⁾	ROM ⁽³⁾			Saleable ⁽³⁾	Saleable ⁽³⁾
			2002	2001			2002	2002
COAL								
Anglo Coal – reserves⁽³⁾								
Trade collieries								
– South Africa								
	Proved		242	261	61	6,290	152	164
	Probable		405	383	59	6,280	251	236
	Total	100	647	644	60	6,280	403	400
– Australia								
	Proved		324	279	82	6,770	278	238
	Probable		136	94	78	6,900	109	76
	Total	100	460	373	81	6,800	387	314
– Colombia								
	Proved		105	41	100	6,200	110	41
	Probable		153	113	100	6,200	155	113
	Total	33.3	258	154	100	6,200	265	154
– Venezuela								
	Proved		25	14	100	7,140	26	14
	Probable		–	–	–	–	–	–
	Total	24.9	25	14	100	7,140	26	14
– Total								
	Proved		696	595	78	6,548	566	458
	Probable		695	590	72	6,387	516	424
	Total	86.2	1,391	1,185	75	6,467	1,082	882
Power generation collieries								
– South Africa								
	Proved		643	574	93	4,150	597	545
	Probable		251	321	100	4,960	251	322
	Total	100	894	895	95	4,390	848	867
– Australia								
	Proved		271	159	93	4,610	252	157
	Probable		82	62	89	4,200	72	61
	Total	100	353	221	92	4,510	324	218
– Total								
	Proved		914	733	93	4,286	849	702
	Probable		333	383	97	4,790	324	383
	Total	100	1,247	1,116	94	4,423	1,172	1,085

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RESERVES AND RESOURCES
CONTINUED**

(stated as at 31 December 2002)

The Measured and Indicated Coal Resources are additional to the Coal Reserves, unless otherwise stated.

Classification	Reported(%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Heat content ⁽⁵⁾
			MTIS ⁽⁴⁾ 2002	MTIS ⁽⁴⁾ 2001	(kcal/kg) Gross as received 2002
COAL continued					
Anglo Coal – resources⁽⁴⁾					
Trade collieries					
– South Africa	Measured		325	350	5,940
	Indicated		240	300	6,160
	Measured + Indicated	100	565	650	6,030
– Australia	Measured		360	190	6,110
	Indicated		80	20	6,100
	Measured + Indicated	100	440	210	6,110
– Colombia	Measured		–	40	–
	Indicated		–	75	–
	Measured + Indicated	33.3	–	115	–
– Venezuela	Measured		7	–	7,740
	Indicated		–	15	–
	Measured + Indicated	24.9	7	15	7,740
– Total	Measured		692	580	6,050
	Indicated		320	410	6,150
	Measured + Indicated	99.5	1,012	990	6,080
Power generation collieries					
– South Africa	Measured		55	60	5,140
	Indicated		15	20	4,810
	Measured + Indicated	100	70	80	5,060
– Australia	Measured		305	280	4,840
	Indicated		330	290	4,480
	Measured + Indicated	100	635	570	4,650
– Total	Measured		360	340	4,890
	Indicated		345	310	4,490
	Measured + Indicated	100	705	650	4,690
Other resources					
– South Africa	Measured		210	320	5,290
	Indicated		3,250	3,520	4,680
	Measured + Indicated	100	3,460	3,840	4,720
– Australia	Measured		650	930	6,380
	Indicated		525	370	6,400
	Measured + Indicated	100	1,175	1,300	6,390
– Total	Measured		860	1,250	6,110
	Indicated		3,775	3,890	4,920
	Measured + Indicated	100	4,635	5,140	5,140

Rounding of figures may cause computational discrepancies.

Trade collieries refers to operations primarily associated with the production of coal for the world export market, while *Power generation collieries* refers to operations that primarily produce coal for internal power generation requirements.

Other resources refers to project areas not included in the Trade collieries or Power generation collieries.

The reserve and resource tonnages reflect a gain of 94 million ROM tonnes (on an attributable basis) due to the purchase of 16.7% of CZN in Colombia and the gain of 102 million ROM tonnes (on a 100% basis) due to the purchase of 51% of Moura mine in Australia and associated sale of 30% of German Creek mine and 49% of the Theodore, Dawson and Taroom coal resource blocks.

The resource tonnages also reflect a disposal of 360 million MTIS tonnes (reportable) for various coal resource blocks in South Africa, including the disposal of resources in KwaZulu Natal and in Kriel South.

⁽¹⁾ Reported and Attributable (%) refers to 2002 only. For the 2001 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.

Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

⁽³⁾ Coal Reserves are quoted on a run of mine (ROM) reserve tonnage basis, which represent the tonnes delivered to the plant, and on a Saleable reserve tonnage basis, which represent the product tonnes produced.

⁽⁴⁾ Coal Resources are quoted on a mineable in situ (MTIS) tonnage basis in addition to the ROM reserves.

⁽⁵⁾ Yield percentage represents the ratio of Saleable tonnes to ROM tonnes and is quoted on an in situ to in situ basis or on an air dry to air dry basis.

⁽⁶⁾ The coal quality is quoted as a weighted average of the heat content of all saleable coal products. The coal quality for the coal resources are reported on an in situ basis.

Coal quality parameters for the coal reserves for trade collieries meet the contractual specifications for coking coal, metallurgical coal, steam coal and domestic coal. Coal quality parameters for coal reserves for power generation collieries meet the specification of the individual supply contracts.

**RESERVES AND RESOURCES
CONTINUED**

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (thousand tonnes) ⁽²⁾		
			2002	2001	2002	2001	2002	2001	
BASE METALS									
Base Metals – reserves									
COPPER									
Collahuasi	Proved		10.4	10.4	1.08	1.15	112	119	
– Oxide and Mixed	Probable		10.5	12.3	1.22	1.21	129	149	
	Total	44	44	20.9	22.7	1.15	1.18	241	268
– Sulphide ⁽³⁾	Proved		147.9	157.3	1.02	1.05	1,512	1,655	
	Probable		468.9	472.3	1.02	1.02	4,769	4,810	
	Total	44	44	616.9	629.6	1.02	1.03	6,281	6,465
– Low Grade Sulphide ⁽³⁾	Proved		43.8	42.0	0.55	0.55	242	229	
	Probable		127.4	127.5	0.52	0.52	663	666	
	Total	44	44	171.2	169.5	0.53	0.53	905	895
Los Bronces ⁽⁴⁾	Proved		247.4	–	0.53	–	1,311	–	
– Sulphide (low grade leachable)	Probable		358.5	–	0.40	–	1,434	–	
	Total	100	100	605.9	–	0.45	–	2,745	–
– Sulphide (flotation)	Proved		387.9	–	1.05	–	4,073	–	
	Probable		71.1	–	0.88	–	626	–	
	Total	100	100	459.0	–	1.02	–	4,699	–
El Soldado ⁽⁵⁾	Proved		1.4	–	1.59	–	22	–	
– Oxide (ASCu) ⁽⁶⁾	Probable		–	–	–	–	–	–	
	Total	100	100	1.4	–	1.59	–	22	–
– Sulphide (flotation)	Proved		84.0	–	1.02	–	858	–	
	Probable		14.0	–	1.02	–	143	–	
	Total	100	100	98.0	–	1.02	–	1,000	–
Mantos Blancos	Proved		52.7	56.5	0.97	0.99	511	559	
– Sulphide (Icu) ⁽⁶⁾	Probable		25.5	26.9	1.14	1.15	291	310	
	Total	100	100	78.2	83.4	1.03	1.04	802	869
– Oxide (ASCu) ⁽⁶⁾	Proved		28.9	34.1	0.76	0.77	220	263	
	Probable		7.5	7.0	0.90	0.89	68	62	
	Total	100	100	36.4	41.1	0.79	0.79	288	325
– Dump Leach (TCu) ⁽⁶⁾	Proved		23.6	26.9	0.46	0.46	109	124	
	Probable		4.1	4.5	0.48	0.50	20	23	
	Total	100	100	27.7	31.5	0.46	0.47	129	147
Mantoverde	Proved		55.8	54.5	0.66	0.66	367	359	
– Heap Leach (ASCu) ⁽⁶⁾	Probable		28.9	30.9	0.70	0.68	201	209	
	Total	100	100	84.7	85.4	0.67	0.67	568	569
– Dump Leach (TCu) ⁽⁶⁾	Proved		30.0	22.8	0.30	0.31	89	70	
	Probable		20.3	27.5	0.29	0.30	59	83	
	Total	100	100	50.3	50.3	0.29	0.30	148	152
Quellaveco ⁽⁷⁾	Proved		250.1	250.1	0.76	0.76	1,901	1,901	
– Advanced project	Probable		688.3	688.3	0.59	0.59	4,061	4,061	
	Total	100	80	938.4	938.4	0.64	0.64	5,962	5,962
Palabora	Proved		62.9	65.8	0.7	0.69	438	456	
– Current mine	Probable		4.6	4.6	0.5	0.50	23	23	
	Total	28.7	28.7	67.5	70.5	0.7	0.68	460	479
Hudson Bay	Proved		3.5	5.4	2.39	2.17	83	117	
	Probable		14.3	14.9	1.90	1.88	272	280	
	Total	100	100	17.8	20.3	1.99	1.96	355	397
Black Mountain ⁽⁸⁾	Proved		1.5	6.7	0.53	0.43	8	29	
– Current mine	Probable		1.6	6.0	0.52	0.66	8	40	
	Total	100	100	3.1	12.7	0.52	0.54	16	69
Nkomati	Proved		0.25	0.1	1.19	1.12	3.0	1.4	
	Probable		–	0.2	–	1.14	–	2.2	
	Total	25	25	0.25	0.3	1.19	1.13	3.0	3.6

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (thousand tonnes) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
BASE METALS continued								
Base Metals – reserves								
NICKEL								
					%Ni	%Ni		
Loma de Niquel	Proved		14.6	13.5	1.50	1.54	219	209
– Laterite	Probable		25.8	27.8	1.45	1.45	374	404
(Pyro-metallurgy)	Total	100	40.4	41.4	1.47	1.48	593	613
Barro Alto	Proved		22.9	22.9	1.85	1.85	423	423
– Laterite	Probable		7.3	7.3	1.80	1.80	131	131
(Advanced project)	Total	100	30.2	30.2	1.84	1.84	554	554
Codernin	Proved		3.8	5.2	1.37	1.37	52	71
– Laterite	Probable		0.7	0.2	1.23	1.28	8	3
(Pyro-metallurgy)	Total	100	4.5	5.4	1.35	1.37	60	74
Bindura	Proved		1.9	2.3	0.70	0.61	14	14
	Probable		0.3	0.1	0.98	1.03	3	1
	Total	100	2.2	2.4	0.74	0.63	16	15
Nkomati	Proved		0.25	0.12	2.20	2.37	5.5	2.9
	Probable		–	0.19	–	1.77	–	3.4
	Total	25	0.25	0.32	2.20	2.01	5.5	6.3
ZINC								
Gamsberg	Proved		35.1	35.1	7.56	7.56	2,650	2,650
– Advanced project	Probable		110.3	110.3	5.55	5.55	6,124	6,124
	Total	100	145.3	145.3	6.04	6.04	8,774	8,774
Skorpion	Proved		11.7	11.8	11.39	11.33	1,332	1,337
	Probable		9.7	9.8	9.71	9.66	942	947
	Total	100	21.4	21.6	10.63	10.57	2,274	2,284
Lisheen	Proved		6.8	4.6	11.61	12.64	788	585
	Probable		6.0	8.8	10.87	11.04	654	970
	Total	100	12.8	13.4	11.26	11.60	1,442	1,555
Hudson Bay	Proved		3.5	5.4	3.47	3.62	121	195
	Probable		14.3	14.9	5.35	5.34	766	795
	Total	100	17.8	20.3	4.98	4.89	887	991
Black Mountain ⁽⁸⁾	Proved		1.5	6.7	2.50	2.44	38	164
– Current mine	Probable		1.6	6.0	1.55	1.03	24	62
	Total	100	3.1	12.7	2.02	1.78	62	226
LEAD								
Black Mountain ⁽⁸⁾	Proved		1.5	6.7	3.10	2.63	47	177
– Current mine	Probable		1.6	6.0	3.50	3.51	54	210
	Total	100	3.1	12.7	3.30	3.04	102	387
Lisheen	Proved		6.8	4.6	2.04	2.15	139	101
	Probable		6.0	8.8	1.86	1.66	112	145
	Total	100	12.8	13.4	1.96	1.83	250	247

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (thousand tonnes) ⁽²⁾		
			2002	2001	2002	2001	2002	2001	
BASE METALS continued									
NIOBIUM					%Nb₂O₅	%Nb₂O₅			
Catalão	Proved		7.0	7.0	1.17	1.17	82	82	
	Probable		4.8	5.2	1.48	1.46	71	75	
	Total	100	100	11.8	12.1	1.30	1.29	153	157

Rounding of figures may cause computational discrepancies.

(1) Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

(3) Infill and exploration drilling plus pit re-design at Rosario added reserves resulting in a net reduction in the high grade sulphide Reserve and an increase in low grade sulphide Reserve.

(4) Compañía Minera Disputada de Las Condes Limitada, including Los Bronces and El Soldado mines and Chagres smelter, was acquired on 13 November 2002. The Reserves for Los Bronces and El Soldado are reported as per the 2002 ExxonMobil mine plans, and the Reserves and Resources' classification still follow some of ExxonMobil's standards. Los Bronces Reserves & Resources contain on average 0.014%Mo. Los Bronces has an additional 73 million tonnes low grade leachable sulphides piled-up and partially under leaching.

(5) El Soldado has an additional 4.2 million tonnes of old tailings leaching (currently operational) and an additional 1.9 million tonnes at 1.6 TCu of slag from Chagres Smelter.

(6) ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper, TCu = total copper.

(7) Quellaveco reserves contain on average 0.02% Molybdenum.

(8) Black Mountain Mineral Reserves contain 3.1 million tonnes of silver ore at 48 g/t. The substantial decrease in mineral reserves in the current mine was due to a revision of the life of mine plan and the transfer of uneconomic reserves to resources.

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (thousand tonnes) ⁽²⁾		
			2002	2001	2002	2001	2002	2001	
BASE METALS continued									
Base Metals – resources									
COPPER									
Collahuasi ⁽³⁾	Measured		0.03	0.03	1.08	1.26	0.3	0.4	
– Oxide and Mixed	Indicated		0.23	0.66	1.22	0.88	2.8	5.9	
	Measured + Indicated	44	44	0.26	0.69	1.20	0.90	3.1	6.2
– Sulphide	Measured		5.5	5.5	0.83	0.87	46	48	
	Indicated		76.5	76.5	0.87	0.87	665	664	
	Measured + Indicated	44	44	82.0	82.0	0.87	0.87	711	712
– Low Grade Sulphide	Measured		15.6	15.7	0.46	0.45	71	70	
	Indicated		112.4	112.4	0.47	0.46	529	521	
	Measured + Indicated	44	44	128.0	128.1	0.47	0.46	601	592
Los Bronces ⁽⁴⁾	Measured		261.3	–	0.65	–	1,698	–	
– Sulphide	Indicated		371.5	–	0.56	–	2,080	–	
	Measured + Indicated	100	100	632.8	–	0.60	–	3,779	–
El Soldado ⁽⁴⁾	Measured		30.0	–	0.77	–	231	–	
– Sulphide	Indicated		20.0	–	0.98	–	196	–	
	Measured + Indicated	100	100	50.0	–	0.85	–	427	–
Mantos Blancos	Measured		59.4	57.5	1.03	1.03	612	592	
– Sulphide (Icu) ⁽⁵⁾	Indicated		36.9	37.6	1.00	1.01	369	379	
	Measured + Indicated	100	100	96.3	95.0	1.02	1.02	981	971
– Oxide (ASCu) ⁽⁵⁾	Measured		14.9	20.3	0.91	0.95	136	193	
	Indicated		11.9	12.2	0.91	0.93	108	113	
	Measured + Indicated	100	100	26.8	32.5	0.91	0.94	244	306
– Dump Leach (TCu) ⁽⁵⁾	Measured		18.3	22.6	0.48	0.47	88	106	
	Indicated		14.4	15.1	0.47	0.49	68	74	
	Measured + Indicated	100	100	32.7	37.7	0.48	0.48	156	180
Mantoverde	Measured		10.5	18.0	0.56	0.61	58	110	
– Heap Leach (ASCu) ⁽⁵⁾	Indicated		23.1	22.5	0.58	0.56	134	127	
	Measured + Indicated	100	100	33.6	40.5	0.57	0.59	192	237
– Dump Leach (TCu) ⁽⁵⁾	Measured		16.5	15.1	0.30	0.31	49	46	
	Indicated		60.2	50.9	0.29	0.29	175	150	
	Measured + Indicated	100	100	76.7	66.0	0.29	0.30	224	196
Quellaveco ⁽⁶⁾	Measured		1.5	1.5	0.53	0.53	8	8	
– Advanced project	Indicated		176.7	176.7	0.46	0.46	813	813	
	Measured + Indicated	100	80	178.2	178.2	0.46	0.46	821	821
Black Mountain	Measured		4.9	0.2	0.49	1.05	24	2	
– Current in mine ⁽⁷⁾	Indicated		23.5	3.0	0.66	0.51	155	15	
	Measured + Indicated	100	100	28.4	3.2	0.63	0.54	179	17
– Broken Hill Deep Extension	Measured		–	–	–	–	–	–	
	Indicated		17.6	17.6	0.69	0.69	121	121	
	Measured + Indicated	100	100	17.6	17.6	0.69	0.69	121	121
Nkomati	Measured		–	–	–	–	–	–	
	Indicated		30.3	30.3	0.19	0.19	58	58	
	Measured + Indicated	25	25	30.3	30.3	0.19	0.19	58	58

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained metal (thousand tonnes) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
BASE METALS continued								
Base Metals – resources								
NICKEL								
					%Ni	%Ni		
Loma de Níquel								
– Laterite	Measured		0.5	0.5	1.50	1.50	8	8
(Pyro-metallurgy)	Indicated		3.7	3.7	1.45	1.45	54	54
	Measured + Indicated	100	4.3	4.3	1.46	1.46	62	62
Barro Alto								
– Laterite	Measured		0.8	0.8	1.63	1.63	13	13
(Advanced project)	Indicated		21.2	21.2	1.36	1.36	288	288
	Measured + Indicated	100	22.0	22.0	1.36	1.36	301	301
Codemin								
– Laterite	Measured		3.7	7.7	1.19	1.26	43	98
(Pyro-metallurgy)	Indicated		3.7	0.8	1.16	1.26	43	10
	Measured + Indicated	100	7.4	8.5	1.18	1.26	86	108
Bindura ⁽⁸⁾								
	Measured		1.2	1.8	0.71	0.64	9	11
	Indicated		12.5	7.2	1.18	0.63	147	45
	Measured + Indicated	100	13.7	8.9	1.13	0.63	155	57
Nkomati								
	Measured		–	–	–	–	–	–
	Indicated		30.3	30.3	0.48	0.48	145	145
	Measured + Indicated	25	30.3	30.3	0.48	0.48	145	145
ZINC								
					%Zn	%Zn		
Black Mountain	Measured		4.9	0.2	2.49	3.25	123	6
– Current in mine ⁽⁷⁾	Indicated		23.5	3.0	0.68	0.86	160	26
	Measured + Indicated	100	28.4	3.2	1.00	1.01	283	32
– Broken Hill Deep	Measured		–	–	–	–	–	–
Extension	Indicated		17.6	17.6	4.39	4.39	773	773
	Measured + Indicated	100	17.6	17.6	4.39	4.39	773	773
Lisheen								
	Measured		–	–	–	–	–	–
	Indicated		0.7	0.9	10.07	10.72	70	94
	Measured + Indicated	100	0.7	0.9	10.07	10.72	70	94
LEAD								
					%Pb	%Pb		
Black Mountain	Measured		4.9	0.2	2.71	1.43	134	3
– Current in mine ⁽⁷⁾	Indicated		23.5	3.0	2.84	2.89	667	86
	Measured + Indicated	100	28.4	3.2	2.82	2.80	801	89
– Broken Hill Deep	Measured		–	–	–	–	–	–
Extension	Indicated		17.6	17.6	3.61	3.61	635	635
	Measured + Indicated	100	17.6	17.6	3.61	3.61	635	635
Lisheen								
	Measured		–	–	–	–	–	–
	Indicated		0.7	0.9	1.04	0.96	7	8
	Measured + Indicated	100	0.7	0.9	1.04	0.96	7	8

Rounding of figures may cause computational discrepancies.

⁽¹⁾ Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

⁽³⁾ For Collahuasi all resources are contained within a US\$1.15/lb Cu pit.

⁽⁴⁾ Compañía Minera Disputada de Las Condes Limitada, including Los Bronces and El Soldado mines and Chagres smelter, was acquired on 13 November 2002. Resource and Reserve classification still follow some of ExxonMobil's standards.

⁽⁵⁾ ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper, TCu = total copper.

⁽⁶⁾ Quellaveco resources contain on average 0.02% Molybdenum.

⁽⁷⁾ Black Mountain Mineral Resources contain 28.4 million tonnes of silver ore at 35 g/t. The increase in mineral resources was due to:
(i) a revision of the life of mine plan and the transfer of uneconomic reserves to resources, and
(ii) now including those resources on the same levels as the mine plan which had previously been omitted.

⁽⁸⁾ The increase in tonnage and grade is due to converting inferred resources to indicated resources through additional exploration drilling. The level under investigation contains a higher proportion of massive sulphide than the upper levels.

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained tonnes (million) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
HEAVY MINERALS								
Namakwa Sands – reserves⁽³⁾					%	%		
Ilmenite								
Proved			94.9	144.6	4.5	4.4	4.2	6.4
Probable			313.8	394.7	3.3	3.1	10.4	12.3
Total	100	100	408.6	539.2	3.6	3.5	14.6	18.8
Zircon								
Proved			94.9	144.6	1.3	1.2	1.3	1.8
Probable			313.8	394.7	0.9	0.8	2.7	3.1
Total	100	100	408.6	539.2	1.0	0.9	4.0	4.9
Rutile								
Proved			94.9	144.6	0.3	0.2	0.3	0.3
Probable			313.8	394.7	0.2	0.2	0.7	0.7
Total	100	100	408.6	539.2	0.2	0.2	1.0	1.1
Namakwa Sands – resources⁽³⁾					%	%		
Ilmenite								
Measured			35.7	–	3.8	–	1.3	–
Indicated			141.6	211.8	3.1	3.0	4.4	6.3
Measured + Indicated	100	100	177.4	211.8	3.3	3.0	5.7	6.3
Zircon								
Measured			35.7	–	1.1	–	0.4	–
Indicated			141.6	211.8	0.8	0.8	1.1	1.7
Measured + Indicated	100	100	177.4	211.8	0.8	0.8	1.5	1.7
Rutile								
Measured			35.7	–	0.2	–	0.1	–
Indicated			141.6	211.8	0.2	0.2	0.3	0.3
Measured + Indicated	100	100	177.4	211.8	0.2	0.2	0.4	0.3

Rounding of figures may cause computational discrepancies.

⁽¹⁾ Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

⁽³⁾ The substantial decrease in the 2002 mineral reserve and resource figures is mainly due to a change in cut-off grade methodology applied, and a revision of the geological model reassigning Measured and Indicated Resources to Inferred Resources.

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade	
			2002	2001	2002	2001
INDUSTRIAL MINERALS						
PHOSPHATE PRODUCTS					% P₂O₅	% P₂O₅
Copebrás – reserves						
Proved			89.1	92.2	12.74	12.73
Probable			15.4	15.4	12.58	12.58
Total	100	73	104.6	107.6	12.71	12.71
PHOSPHATE PRODUCTS					% P₂O₅	% P₂O₅
Copebrás – resources						
Measured			6.4	6.4	12.75	12.75
Indicated			21.3	21.3	10.73	10.73
Measured + Indicated	100	73	27.7	27.7	11.20	11.20

Rounding of figures may cause computational discrepancies.

⁽¹⁾ Reported and Attributable (%) refers to both 2001 and 2002.

⁽²⁾ includes 100% of reserves and resources of consolidated entities and the Group's share of joint ventures and associates where applicable. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

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RESERVES AND RESOURCES
CONTINUED

(stated as at 31 December 2002)

The Measured and Indicated Mineral Resources are additional to the Ore Reserves, unless otherwise stated.

Classification	Reported (%) ⁽¹⁾	Attributable (%) ⁽¹⁾	Tonnes (million) ⁽²⁾		Grade		Contained tonnes (million) ⁽²⁾	
			2002	2001	2002	2001	2002	2001
FERROUS METALS								
Ferrous Metals – reserves								
Hotazel Manganese Mines								
– Mamatwan	Proved		9.0	10.0	%Mn	%Mn		
	Probable		5.7	6.7	38.0	37.9	–	–
	Total	40	40	14.7	16.7	38.0	38.0	–
– Wessels	Proved		1.1	1.5	48.1	48.1	–	–
	Probable		5.6	5.6	48.4	48.3	–	–
	Total	40	40	6.7	7.0	48.3	48.3	–
GEMCO (manganese)	Proved		17.9	18.6	48.2	48.3	–	–
	Probable		17.9	18.0	47.9	47.9	–	–
	Total	40	40	35.7	36.6	48.1	48.1	15.04
Highveld ⁽⁴⁾ (Vanadium)	Proved		14.3	14.3	%V ₂ O ₅	%V ₂ O ₅	0.24	0.23
	Probable		26.5	183.9	1.66	1.63	0.44	3.00
	Total	100	80.2	40.8	198.2	1.67	1.63	0.68
Zimbabwe Alloys (chromite)	Proved		0.05	–	%Cr ₂ O ₃	%Cr ₂ O ₃	–	–
	Probable		–	0.07	45.6	–	0.02	0.02
	Total	100	100	0.05	0.07	45.6	47.3	0.02
Ferrous Metals – resources								
Hotazel Manganese Mines ⁽³⁾								
– Mamatwan	Measured		9.8	10.8	%Mn	%Mn	–	–
	Indicated		6.2	7.3	38.0	37.9	–	–
	Measured + Indicated	40	40	16.0	18.10	38.0	38.0	–
– Wessels	Measured		2.6	3.4	48.1	48.1	–	–
	Indicated		12.4	12.4	48.3	48.3	–	–
	Measured + Indicated	40	40	14.9	15.7	48.3	48.3	–
GEMCO (manganese)	Measured		4.2	4.5	47.1	47.2	–	–
	Indicated		5.6	5.7	46.6	46.6	–	–
	Measured + Indicated	40	40	9.8	10.2	46.8	46.9	–
Highveld ⁽⁴⁾ (vanadium)	Measured		51.5	26.0	%V ₂ O ₅	%V ₂ O ₅	0.88	0.42
	Indicated		155.5	50.1	1.70	1.63	2.63	0.82
	Measured + Indicated	100	80.2	207.0	76.1	1.69	1.63	3.50
Zimbabwe Alloys ⁽⁵⁾ (chromite)	Measured		0.6	–	%Cr ₂ O ₃	%Cr ₂ O ₃	–	–
	Indicated		103.4	103.9	41.0	–	–	–
	Measured + Indicated	100	100	104.0	103.9	40.3	41.2	–

Rounding of figures may cause computational discrepancies.

(1) Reported and Attributable (%) refers to 2002 only. For the 2001 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. Where the Group's share is more than 50%, 100% of the reserves and resources are reported.

(3) Hotazel Manganese Mines report Measured and Indicated mineral resources as 'inclusive of those mineral resources modified to produce the ore reserve' (JORC), i.e. the reserves are included in the resource figure.

(4) The decrease in the total mineral reserves is due to the transfer of sub-economic (mostly underground) reserves to mineral resources. This accounts for the increase in the total mineral resources.

(5) The total Mineral Resource tonnage includes 103 million tonnes of low carbon Cr₂O₃ material. The processing plant is optimised for high carbon Cr₂O₃. Currently it is not envisaged that Zimbabwe Alloys will resume low carbon ferrochrome production.

FOREST PRODUCTS

The Mondi Group in South Africa owns and manages 335,474 (2001: 344,110) hectares of sustainable man-made forest. All of its producing forests have been certified by the Forestry Stewardship Council. The annual cut is currently 5.5 million tonnes but the future sustainable production will increase as more recently established areas are harvested.

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PRODUCTION STATISTICS

		2002	2001	
Anglo Platinum (troy ounces)⁽¹⁾⁽²⁾				
Platinum		2,294,300	2,145,900	
Palladium		1,136,500	1,075,900	
Rhodium		215,900	204,100	
Nickel (tonnes)		19,700	19,500	
AngloGold (gold in troy ounces)⁽²⁾				
South Africa		3,412,000	4,669,700	
North and South America		940,000	937,000	
Australia and Asia		502,000	508,600	
Rest of the world		1,085,000	867,800	
		5,939,000	6,983,100	
Gold Fields (gold in troy ounces)⁽²⁾				
Gold		464,600	-	
Anglo Coal (tonnes)				
South Africa				
Eskom		28,649,000	28,250,000	
Trade				
- Thermal		15,681,000	15,410,000	
- Metallurgical		3,889,000	3,772,000	
		48,219,000	47,432,000	
Australia				
- Thermal		16,341,000	15,982,000	
- Metallurgical		8,679,000	8,300,000	
		25,020,000	24,282,000	
South America				
- Thermal		6,937,000	5,829,000	
		80,176,000	77,543,000	
Anglo Base Metals				
Copper				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	34,871,700	29,026,000
Ore processed	Oxide	tonnes	5,357,500	4,658,700
	Sulphide	tonnes	25,231,000	24,734,400
Ore grade processed	Oxide	%Cu	1.4%	1.5%
	Sulphide	%Cu	1.7%	1.8%
Production	Copper concentrate	dmt	1,019,400	999,700
	Copper cathode	tonnes	60,600	59,500
	Copper in concentrate	tonnes	372,900	393,200
Total copper production for Collahuasi		tonnes	433,500	452,700

(1) Includes Anglo Platinum's share of Northam Platinum Limited.

(2) See Anglo American Platinum Corporation Limited, Northam Platinum Limited, AngloGold Limited and Gold Fields Limited published results for further analysis of production information.

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PRODUCTION STATISTICS
CONTINUED

			2002	2001
Disputada⁽¹⁾				
– Los Bronces mine				
Ore mined		tonnes	3,291,000	–
Las Tortolas concentrator	Ore processed (sulphide)	tonnes	2,523,300	–
	Ore grade processed	%Cu	1.1%	–
Production	Copper concentrate	dmt	81,300	–
	Copper cathode	tonnes	3,600	–
	Copper in concentrate	tonnes	25,400	–
	Total	tonnes	29,000	–
– El Soldado mine				
Ore mined	Open pit	tonnes	583,200	–
	Underground (sulphide)	tonnes	389,000	–
	Total	tonnes	972,200	–
Ore processed	Oxide	tonnes	91,200	–
	Sulphide	tonnes	931,700	–
Ore grade processed	Oxide	%Cu	1.2%	–
	Sulphide	%Cu	1.1%	–
Production	Copper concentrate	dmt	31,200	–
	Copper cathode	tonnes	1,000	–
	Copper in concentrate	tonnes	9,000	–
	Total	tonnes	10,000	–
Total copper production for Disputada			tonnes	39,000
– Chagres Smelter (for Disputada)				
Copper concentrates smelted			tonnes	23,300
Production	Copper blister/anodes	tonnes	21,900	–
	Acid	tonnes	66,400	–
Mantos Blancos				
– Mantos Blancos mine				
Ore mined	Oxide	tonnes	10,277,900	6,745,800
	Sulphide	tonnes	4,004,900	3,957,500
Ore grade processed	Oxide	%Cu (Soluble)	0.8%	1.0%
	Sulphide	%Cu (Insoluble)	1.2%	1.2%
Production	Copper concentrate	dmt	137,600	125,900
	Copper cathode	tonnes	51,000	56,300
	Copper in concentrate	tonnes	45,200	44,900
	Total	tonnes	96,200	101,200
– Mantoverde mine				
Ore processed	Leaching	tonnes	12,971,200	12,354,800
Ore grade processed	Oxide	%Cu (Soluble)	0.7%	0.7%
Production	Copper cathode	tonnes	57,300	55,600
Total copper production for Mantos Blancos			tonnes	153,500

⁽¹⁾ Results represent 49 days of operations since date of acquisition of Compañía Minera Disputada de Las Condes Limitada.

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PRODUCTION STATISTICS
CONTINUED

		2002	2001	
Nickel, Niobium and Mineral Sands				
Nickel				
Codemín				
Ore mined	tonnes	513,200	419,400	
Ore processed	tonnes	500,800	465,100	
Ore grade processed	% Ni	1.4%	1.4%	
Production	tonnes	6,000	5,800	
Loma de Níquel				
Ore mined	tonnes	1,301,100	830,500	
Ore processed	tonnes	1,095,200	755,500	
Ore grade processed	% Ni	1.7%	1.8%	
Production	tonnes	15,500	9,700	
Niobium				
Catalão				
Ore mined	tonnes	591,600	599,100	
Ore processed	tonnes	568,400	561,200	
Ore grade processed	kg Nb/tonne	10.57	10.75	
Production	tonnes	3,300	3,400	
Mineral Sands				
Namakwa Sands				
Ore mined	tonnes	16,434,500	15,124,400	
Production				
	– Ilmenite	tonnes	315,900	288,000
	– Rutile	tonnes	26,000	27,100
	– Zircon	tonnes	112,400	114,100
Smelter production				
	– Slag tapped	tonnes	162,700	150,000
	– Iron tapped	tonnes	103,000	93,000
Zinc and Lead				
Black Mountain				
Ore mined	tonnes	1,588,700	1,568,300	
Ore processed	tonnes	1,554,000	1,560,200	
Ore grade processed				
	– Zinc	%Zn	2.6%	2.4%
	– Lead	%Pb	3.5%	3.7%
	– Copper	%Cu	0.5%	0.5%
Production				
	– Zinc in concentrates	tonnes	27,600	24,300
	– Lead in concentrates	tonnes	45,300	45,800
	– Copper in concentrates	tonnes	5,400	5,400
Hudson Bay				
Ore mined	tonnes	2,989,300	3,587,300	
Ore processed	tonnes	3,004,500	3,557,900	
Ore grade processed				
	– Copper	%Cu	1.7%	1.5%
	– Zinc	%Zn	4.1%	3.3%
Concentrate treated				
	– Copper	tonnes	294,100	290,300
	– Zinc	tonnes	211,100	195,100
Production (domestic) (metal content)				
	– Copper	tonnes	42,900	53,100
	– Zinc	tonnes	102,100	78,400
Production (total) (metal content)				
	– Copper	tonnes	83,400	79,500
	– Zinc	tonnes	108,100	88,400
	– Gold	ozs	59,300	69,200
	– Silver	ozs	1,234,200	1,213,200

**PRODUCTION STATISTICS
CONTINUED**

		2002	2001
Lisheen			
100% basis (Anglo American 59%)			
Ore mined	tonnes	1,571,400	1,233,800
Ore processed	tonnes	1,541,300	1,145,600
Ore grade processed			
	– Zinc	%Zn	11.2%
	– Lead	%Pb	2.1%
			11.1%
			2.1%
Production			
	– Zinc in concentrate	tonnes	151,500
	– Lead in concentrate	tonnes	22,000
			105,800
			16,900
Anglo Industrial Minerals (tonnes)			
Aggregates		63,928,400	64,112,000
Lime products		871,000	926,000
Concrete (m ³)		6,955,700	6,627,400
Potash		–	882,000
Sodium tripolyphosphate		88,200	91,500
Phosphates		734,600	820,500
Anglo Forest Products (tonnes)			
South Africa			
Pulp		320,160	290,400
Graphic papers		518,200	509,800
Packaging papers		572,900	527,600
Corrugated board (000 m ²)		300,050	275,000
Lumber (m ³)		126,500	137,000
Wood chips (green metric tonnes)		1,647,700	1,284,300
Mining timber		143,100	131,800
Europe			
Pulp		181,800	187,800
Graphic papers		1,475,700	1,142,800
Packaging papers		1,506,800	1,202,000
Corrugated board (000 m ²)		1,121,100	780,200
Paper sacks (000 units)		2,963,790	2,620,100
Brazil			
Pulp		–	110,000
Anglo Ferrous Metals (tonnes)			
Chrome ore		1,055,588	1,012,000
Stainless steel		–	156,000
Vanadium slag		68,100	73,700
Chrome alloys		310,900	289,000
Manganese ore (mtu m)		62	62
Manganese alloys		306,100	280,000
Steel (Billets)		1,348,000	1,257,000
Iron ore		916,000	–

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

EXCHANGE RATES AND COMMODITY PRICES

US dollar exchange rates

Average spot prices for the period	2002	2001
South African rand	10.48	8.62
Sterling	0.67	0.69
Euro	1.06	1.12
Australian dollar	1.84	1.93
Closing spot prices	2002	2001
South African rand	8.58	11.96
Sterling	0.62	0.69
Euro	0.95	1.12
Australian dollar	1.79	1.96

Commodity prices

Average market prices for the period	2002	2001
Gold – US\$/oz	310	272
Platinum – US\$/oz	541	531
Palladium – US\$/oz	336	597
Rhodium – US\$/oz	838	1,606
Copper – US cents/lb	71	72
Nickel – US cents/lb	307	267
Zinc – US cents/lb	35	41
Lead – US cents/lb	21	22
European eucalyptus pulp price (CIF) – US\$/tonne	452	490

KEY FINANCIAL DATA⁽¹⁾

US\$ million (unless stated otherwise)	2002	2001 ⁽¹⁾	2000	1999
Group and share of turnover of joint ventures and associates	20,497	19,282	20,570	19,245
Less: joint ventures' turnover	(1,066)	(1,109)	(1,590)	(1,720)
Associates' turnover	(4,286)	(3,387)	(4,156)	(5,947)
Group turnover – subsidiaries	15,145	14,786	14,824	11,578
Operating profit before exceptional items	3,332	3,298	3,480	2,142
Operating exceptional items ⁽²⁾	(81)	(513)	(433)	–
Total operating profit⁽²⁾	3,251	2,785	3,047	2,142
Non-operating exceptional items ⁽²⁾	64	2,148	490	410
Net interest (expense)/investment income	(179)	130	308	265
Profit on ordinary activities before taxation	3,136	5,063	3,845	2,817
Taxation on profit on ordinary activities	(1,042)	(1,247)	(1,005)	(499)
Taxation on exceptional items	(3)	(147)	–	18
Equity minority interests	(528)	(584)	(883)	(784)
Profit for the financial year	1,563	3,085	1,957	1,552
Headline earnings	1,759	1,681	2,000	1,308
Earnings per share (\$) ⁽³⁾	1.11	2.09	1.25	1.01
Headline earnings per share (\$) ⁽³⁾	1.25	1.14	1.28	0.85
Dividend per share (US cents) ⁽³⁾	51.0	49.0	47.5	37.5
Basic number of shares outstanding (million) ⁽³⁾	1,411	1,474	1,567	1,540
EBITDA ⁽⁴⁾	4,792	4,647	4,689	3,114
EBITDA interest cover ⁽⁵⁾	20.0	31.2	–	–
Operating margin (before exceptional items)	16.3%	17.1%	16.9%	11.1%
Dividend cover (based on headline earnings)	2.5	2.3	2.7	2.3
Balance sheet				
Fixed assets	18,841	12,870	14,281	11,097
Investments	7,376	5,523	7,960	8,391
Working capital	822	282	943	880
Provisions for liabilities and charges	(2,896)	(2,194)	(1,404)	(1,324)
Net (debt)/funds	(5,578)	(2,018)	(3,590)	81
Equity minority interests	(2,304)	(1,607)	(2,646)	(2,951)
Shareholders' funds	16,261	12,856	15,544	16,174
Total capital ⁽⁶⁾	24,143	16,481	21,780	19,044
Net cash inflow from operating activities	3,618	3,539	2,959	1,850
Dividends received from joint ventures and associates	258	258	258	209
Return on capital employed ⁽⁷⁾	17.5%	19.0%	18.3%	12.6%
EBITDA/average total capital	23.6%	25.0%	23.0%	16.8%
Net debt/(funds) to total capital	23.1%	12.2%	16.5%	(0.4%)

⁽¹⁾ 2001 restated for the adoption of FRS 19 – see note 1. 2000 and 1999 have not been restated for the adoption of FRS 19.

⁽²⁾ Operating profit for 2000 has been restated for the reclassification of the loss of US\$167 million arising on the anticipated disposal of Terra Industries Inc. The disposal did not proceed, and the loss has therefore been reclassified into operating exceptional items as an impairment.

⁽³⁾ 2000 and 1999 restated to reflect the three-for-one bonus issue in May 2001.

⁽⁴⁾ EBITDA is operating profit before exceptional items plus depreciation and amortisation of subsidiaries and share of joint ventures and associates.

⁽⁵⁾ EBITDA interest cover is EBITDA divided by net interest expense, after adjusting for other net financial income. EBITDA interest cover for 2002 is annualised to account for acquisitions during the year. The actual EBITDA interest cover for 2002 was 25.5 times. For 2000 and 1999, EBITDA interest cover is not applicable as the Group was a net interest recipient after adjusting for other net financial income.

⁽⁶⁾ Total capital is the sum of shareholders' funds, net debt and minority interests.

⁽⁷⁾ Return on capital employed is calculated as total operating profit before impairments for the current year divided by the average of total capital less other investments and adjusted for impairments for the current and prior years.

SUMMARY BY BUSINESS SEGMENT

US\$ million	Headline earnings/(loss)		Operating profit/(loss)	
	2002	2001 Restated ⁽¹⁾	2002	2001 Restated ⁽¹⁾
Platinum	351	478	802	1,345
Gold	205	162	463	443
Diamonds	324	234	541	373
Coal	266	387	427	493
South Africa	131	225	244	267
Australia	98	123	130	173
South America	35	36	50	49
United Kingdom	2	3	3	4
Base Metals	69	(18)	82	(510)
Copper	80	25	110	2
Nickel, Niobium, Mineral Sands	54	54	94	56
Zinc	(66)	(77)	(51)	(57)
Other	1	(20)	(20)	(23)
Exceptional items	–	–	(51)	(488)
Industrial Minerals	231	160	277	201
Europe	214	147	253	179
Brazil	17	13	24	22
Forest Products	376	272	649	520
Europe	233	130	434	328
South Africa	143	135	215	185
Brazil	–	7	–	7
Ferrous Metals	88	48	150	77
Highveld Steel	20	–	38	6
Scaw Metals	41	25	51	31
Samancor Group	19	5	48	19
Other	8	18	13	21
Industries	38	38	114	114
Tongaat-Hulett	24	31	96	112
Boart Longyear	26	29	31	30
Terra	(18)	(31)	(3)	(23)
Other	6	9	(10)	(5)
Financial Services	–	–	–	2
Exploration	(77)	(85)	(93)	(101)
Corporate	(112)	(60)	(161)	(172)
Gold Fields	27	–	41	–
Other	(139)	(60)	(202)	(172)
De Beers investments⁽²⁾	–	65	–	–
	1,759	1,681	3,251	2,785

⁽¹⁾ Restated for the adoption of FRS 19 – see note 1.

⁽²⁾ Represents De Beers' share of Anglo American plc earnings for the 5 months to 31 May 2001.