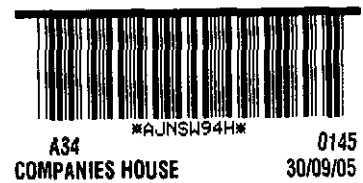


ANGLO COAL HOLDINGS LIMITED

Report and Financial Statements

31 December 2004



ANGLO COAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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ANGLO COAL HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N Jordan
A E Redman
P G Whitcutt
G A Wilkinson

SECRETARY

G A Wilkinson

REGISTERED OFFICE

20 Carlton House Terrace
London SW1Y 5AN

BANKERS

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

ANGLO COAL HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY AND FUTURE PROSPECTS

The company is an investment holding company, however no investments are currently held, and the future of the company is currently under review.

RESULTS AND DIVIDENDS

The loss for the year was US\$3,000 (2003: loss - US\$2,000). Aggregate dividends of US\$15,000 were paid to the 5 per cent preference shareholders during the year ended 31 December 2004 (2003 - US\$15,000).

DIRECTORS AND THEIR INTERESTS

The following served as directors throughout the year and, except as shown, to the present time:

N Jordan
A W Lea (resigned 31 August 2005)
A E Redman
P G Whitcutt
G A Wilkinson

Mr N Jordan has held one ordinary share, non-beneficially, in the Company throughout the year.

The interests of the directors in other group companies have been disclosed as follows:

N Jordan	}	- in the annual financial statements of Anglo American Finance (UK) PLC
P G Whitcutt		
G A Wilkinson		

A W Lea - in the annual financial statements of Anglo American plc.

Directors' share options

Roll-over options ⁽¹⁾

Anglo American plc options

	Holding at 1 January 2004	Options Exercised	Holding at 31 December 2004
A E Redman	87,800	-	87,800

Anglo American plc options ⁽²⁾

	Holding at 1 January 2004	Options Granted/(Exercised) 2004	Holding at 31 December 2004
A E Redman	190,000	-	190,000

ANGLO COAL HOLDINGS LIMITED

DIRECTORS' REPORT

Directors' share options (continued)

	Anglo American long term incentive plan (LTIP)				Total beneficial interest in LTIP at 31 December 2004
	Total beneficial interest in LTIP at 1 January 2004	Number of shares conditionally awarded during the year	Number of shares exercised during the year	Number of shares lapsed during the year	
A E Redman	71,000	-	(17,162)	(5,338)	48,500

Directors' share interests

The interests of directors who held office at 31 December 2004 in Ordinary Shares ("Shares") of AA plc were as follows:

	As at 1 January 2004		As at 31 December 2004	
	Beneficial	Conditional ⁽³⁾	Beneficial	Conditional ⁽³⁾
A E Redman	10,683	10,683	4,539	18,597

- (1) Matching shares to be allocated after the deferral period of three years, subject to certain conditions.
- (2) Options granted under the Anglo American Share Option scheme
- (3) With effect from 1 January 2004, grants under the LTIP Scheme ceased to be by way of low cost options, and since that date are by way of conditional grants of shares.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, Deloitte & Touche LLP are deemed to remain in office as auditors under the terms of an Elective Resolution dated 17 July 1997.

Approved by the Board of Directors
and signed on behalf of the Board



N Jordan

Director

26 September 2005

ANGLO COAL HOLDINGS LIMITED

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 as at the end of the financial year and of the profit or loss of the Company 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 Company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO COAL HOLDINGS LIMITED

We have audited the financial statements of Anglo Coal Holdings Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

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. Our responsibility is to audit the financial statements 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 are properly prepared in accordance with the Companies Act 1985. We also report 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 is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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. 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 company's circumstances, 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors

28 September 2005

ANGLO COAL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2004

	Note	2004 US\$'000	2003 US\$'000
Administrative expenses		(4)	(5)
OPERATING LOSS	3	(4)	(5)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(4)	(5)
Tax credit on loss on ordinary activities	4	1	3
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(3)	(2)
Dividends paid	5	(15)	(15)
Retained loss for the financial year		(18)	(17)

All amounts derive from continuing operations.

There are no recognised gains and losses for the current financial year and the preceding financial year other than the losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

ANGLO COAL HOLDINGS LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 US\$'000	2003 US\$'000
CURRENT ASSETS			
Debtors	6	822,950	822,899
Cash at bank and in hand		35	15
		<u>822,985</u>	<u>822,914</u>
CREDITORS: amounts falling due within one year	7	<u>(12)</u>	<u>(23)</u>
NET CURRENT ASSETS		<u>822,973</u>	<u>822,891</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>822,973</u>	<u>822,891</u>
CAPITAL AND RESERVES			
Called up share capital	8	522,895	522,895
Share premium account		300,000	300,000
Profit and loss account	10	78	(4)
TOTAL SHAREHOLDERS' FUNDS	9	<u>822,973</u>	<u>822,891</u>
Attributable to equity shareholders	8	822,673	822,591
Attributable to non-equity shareholders		300	300
		<u>822,973</u>	<u>822,891</u>

These financial statements were approved by the Board of Directors on 26 September 2005.

Signed on behalf of the Board of Directors



Director

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are described below. Such policies remain unchanged from the prior year.

Foreign currency

Foreign currency transactions during the year have been translated and included in the financial statements at the rates of exchange prevailing at the time those transactions were executed. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates of exchange prevailing at the balance sheet date.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Consolidated financial statements and cash flows

Group financial statements are not prepared for the company as the company is a wholly owned subsidiary of a company incorporated in Great Britain. As the company is a wholly owned subsidiary, the cash flows of the company are included in the consolidated cash flow statement of its parent undertaking. Consequently the company is exempt under the provisions of Financial Reporting Standard 1 (Revised) – “Cash flow statements”, from publishing a separate cash flow statement.

2. EMPLOYEES AND DIRECTORS

The Company has no employees (2003 - none). The directors received no remuneration in respect of their services to the Company (2003 – US\$nil).

3. OPERATING LOSS

Operating loss is after charging:

	2004 US\$'000	2003 US\$'000
Auditors' remuneration – audit	3	5

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

4. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of credit for year

	2004 US\$'000	2003 US\$'000
Current tax:		
Group relief	1	2
Adjustment in respect of previous years	-	1
	<u>1</u>	<u>3</u>
Tax credit on loss on ordinary activities	<u>1</u>	<u>3</u>

b) Factors affecting tax credit for the year

	2004 US\$'000	2003 US\$'000
Loss on ordinary activities before tax	(4)	(5)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	1	2
Adjustment in respect of previous years	-	1
Current tax credit for the year	<u>1</u>	<u>3</u>

5. DIVIDENDS PAID AND PROPOSED

	2004 US\$'000	2003 US\$'000
Non equity dividends paid	<u>15</u>	<u>15</u>

On 30 June 2004 a dividend of US\$7,500 was paid to the 5% preference shareholders.

On 31 December 2004 a dividend of US\$7,500 was paid to the 5% preference shareholders.

6. DEBTORS

	2004 US\$'000	2003 US\$'000
Amounts owed by ultimate parent undertaking	782,411	782,358
Amounts owed by group undertakings	40,538	40,538
Group relief receivable	1	3
	<u>822,950</u>	<u>822,899</u>

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 US\$'000	2003 US\$'000
Accruals	4	4
Amount owed to Anglo American Services (UK) Ltd	8	4
Dividend payable	-	15
	<u>12</u>	<u>23</u>

8. CALLED UP SHARE CAPITAL

	2004 US\$'000	2003 US\$'000
Authorised:		
450,000,000 ordinary shares of £1 each	740,829	740,829
300,000 5 per cent Redeemable Cumulative Preference shares of US\$1 each	<u>300</u>	<u>300</u>
	<u>741,129</u>	<u>741,129</u>
Called up, allotted and fully paid:		
317,438,531 ordinary shares of £1 each	522,595	522,595
300,000 5 per cent Redeemable Cumulative Preference shares of US\$1 each	<u>300</u>	<u>300</u>
	<u>522,895</u>	<u>522,895</u>

The rights attaching to the Redeemable Preference Shares confer the right to a dividend of 5 per cent. On a winding up or other repayment of capital the holders would be entitled to have the assets of the Company available for distribution among members applied, in priority to any other class of shares, in paying to them pari passu the capital on such shares

On 31 January 2004 a gift which was non-refundable, amounting to US\$50,000 was made by Anglo American plc by means of a capital contribution to the Company.

On 21 December 2004 a gift which was non-refundable, amounting to US\$50,000 was made by Anglo American plc by means of a capital contribution to the Company.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 US\$'000	2003 US\$'000
Opening shareholders' funds	822,891	822,908
Capital Contribution	100	-
Loss for the year	<u>(18)</u>	<u>(17)</u>
Closing shareholders' funds	<u>822,973</u>	<u>822,891</u>

ANGLO COAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

10. PROFIT AND LOSS ACCOUNT

	2004 US'000
At 1 January 2004	(4)
Capital contribution	100
Loss for the year	(18)
	<hr/>
At 31 December 2004	78
	<hr/>

11. RELATED PARTY TRANSACTIONS

At 31 December 2004, as identified in note 12, Anglo American plc is the Company's ultimate parent company. The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Anglo American group companies.

12. ULTIMATE PARENT COMPANY

The immediate and ultimate controlling entity is Anglo American plc, a company incorporated in Great Britain. Anglo American plc is the parent undertaking of the largest and smallest group which includes the company and for which group accounts are prepared. Its financial statements may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN.