30. CONSOLIDATED EQUITY ANALYSIS

Fair value and other reserves comprise:

US$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves[1]	Total fair value and other reserves
Balance at 1 January 2009	–	1,088	(194)	838	1,732
Total comprehensive income	–	(783)	226	–	(557)
Issue of convertible bond	355	–	–	–	355
Other	–	–	(1)	–	(1)
Balance at 1 January 2010	355	305	31	838	1,529
Total comprehensive income	–	270	7	–	277
Changes in ownership interest in subsidiaries	–	(107)	–	–	(107)
Other	–	–	–	(7)	(7)
Balance at 31 December 2010	**355**	**468**	**38**	**831**	**1,692**

[1] Other reserves comprise a legal reserve of $682 million (2009: $689 million), a revaluation reserve of $34 million (2009: $34 million) and a capital redemption reserve of $115 million (2009: $115 million).

31. CONSOLIDATED CASH FLOW ANALYSIS

a) Reconciliation of profit before tax to cash flows from operations

US$ million	2010	2009
Profit before tax	10,928	4,029
Depreciation and amortisation	1,919	1,725
Share-based payment charges	219	204
Net profit on disposals	(1,579)	(1,612)
Operating and financing remeasurements	(491)	(504)
Non-cash element of operating special items	134	1,981
Net finance costs before remeasurements	244	273
Share of net income from associates	(822)	(84)
Provisions	(37)	(46)
(Increase)/decrease in inventories	(309)	23
Increase in operating receivables	(587)	(360)
Increase/(decrease) in operating payables	516	(573)
Deferred stripping	(196)	(150)
Other adjustments	(15)	(2)
Cash flows from operations	9,924	4,904

b) Reconciliation to the balance sheet

	Cash and cash equivalents[1]		Short term borrowings		Medium and long term borrowings		Current financial asset investments	
US$ million	2010	2009	2010	2009	2010	2009	2010	2009
Balance sheet	6,401	3,269	(1,535)	(1,499)	(11,904)	(12,816)	–	–
Balance sheet – trade and other receivables[2]	–	–	–	–	–	–	–	3
Balance sheet – disposal groups[3]	59	64	–	–	–	(3)	–	–
Bank overdrafts	–	(1)	–	1	–	–	–	–
Bank overdrafts – disposal groups[3]	–	(13)	–	–	–	–	–	–
Net debt classifications	6,460	3,319	(1,535)	(1,498)	(11,904)	(12,819)	–	3

[1] 'Short term borrowings' on the balance sheet include overdrafts which are included within cash and cash equivalents in determining net debt.
[2] Current financial asset investments of $3 million at 31 December 2009 have been reclassified on the balance sheet to other receivables.
[3] Disposal group balances are shown within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

31. CONSOLIDATED CASH FLOW ANALYSIS continued
c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Current financial asset investments	Net debt excluding hedges	Hedges[2]	Net debt including hedges
Balance at 1 January 2009	2,744	(6,749)	(7,211)	173	(11,043)	(297)	(11,340)
Cash flow[3]	259	6,624	(6,253)	(200)	430	85	515
Unwinding of discount on convertible bond	–	–	(39)	–	(39)	–	(39)
Equity component of convertible bond[3]	–	–	355	–	355	–	355
Reclassifications	–	(917)	917	–	–	–	–
Movement in fair value	–	–	63	–	63	(73)	(10)
Other non-cash movements	–	(15)	(26)	3	(38)	–	(38)
Currency movements	316	(441)	(625)	27	(723)	–	(723)
Balance at 1 January 2010	3,319	(1,498)	(12,819)	3	(10,995)	(285)	(11,280)
Cash flow	2,857	2,338	(1,194)	(7)	3,994	(217)	3,777
Unwinding of discount on convertible bond	–	–	(65)	–	(65)	–	(65)
Disposal of businesses	–	1	2	–	3	–	3
Reclassifications	–	(2,359)	2,359	–	–	–	–
Movement in fair value	–	(6)	(180)	–	(186)	95	(91)
Other non-cash movements	–	–	(11)	3	(8)	–	(8)
Currency movements	284	(11)	4	1	278	2	280
Balance at 31 December 2010	6,460	(1,535)	(11,904)	–	(6,979)	(405)	(7,384)

(1) The Group operates in certain countries (principally South Africa and Venezuela) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations.

(2) Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative assets of $2 million (2009: $41 million) and net non-current derivative liabilities of $407 million (2009: $326 million) which are classified within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' on the balance sheet.

(3) The issue of the convertible bond had a net impact on debt due after one year at the date of issue of $1,330 million due to the conversion feature of $355 million which is presented separately in equity.

32. DISPOSALS

	2010						2009
US$ million	Moly-Cop and AltaSteel	Skorpion	Bafokeng transaction	Tarmac European businesses	Other	Total	Total
Net assets disposed							
Property, plant and equipment	229	342	348	490	34	1,443	425
Other non-current assets	145	1	208[1]	303	1	658	2
Current assets	350	176	70	256	–	852	48
Current liabilities	(83)	(30)	(16)	(106)	(5)	(240)	(34)
Non-current liabilities	(126)	(47)	(123)	(116)	–	(412)	(65)
Net assets	515	442	487	827	30	2,301	376
Non-controlling interests	(3)	–	–	(11)	–	(14)	(3)
Group's share of net assets immediately prior to disposal	512	442	487	816	30	2,287	373
Fair value adjustment to retained investments	–	–	440	–	–	440	–
Less: Retained investments	–	–	(826)	–	–	(826)	(235)
Net assets disposed	512	442	101	816	30	1,901	138
Cumulative translation differences recycled from reserves	(23)	(7)	–	(10)	–	(40)	–
Net gain/(loss) on disposals	555	244	106	(294)	635	1,246	316
Net sale proceeds	1,044	679	207	512	665	3,107	454
Net cash and cash equivalents disposed	(68)	(120)	(14)	(58)	(20)	(280)	(10)
Non-cash/deferred consideration	–	–	–	–	(83)	(83)	(486)
Accrued transaction costs and similar items	17	11	–	18	5	51	47
Net cash inflow from disposals[2]	993	570	193	472	567	2,795	5

(1) Includes $202 million of Platinum's associate investment in Royal Bafokeng Platinum Limited.

(2) No cash has been received in the year ended 31 December 2010 in respect of deferred consideration for disposals in 2009 (2009: $64 million in respect of disposals in 2008). In the year ended 31 December 2010 this resulted in a total net cash inflow of $2,795 million (2009: $69 million), of which $2,539 million (2009: $69 million) related to disposals of subsidiaries and $256 million (2009: nil) to the sale of interests in joint ventures.

Disposals in the year ended 31 December 2010
Disposals of subsidiaries and joint ventures during the year ended 31 December 2010 mainly related to disposals in the Other Mining and Industrial, Platinum and Metallurgical Coal segments.

Moly-Cop and AltaSteel

On 31 December 2010 the Group completed the sale of Moly-Cop and AltaSteel to OneSteel Limited resulting in a net cash inflow of $993 million.

Skorpion

The Group announced the sale of its zinc portfolio to Vedanta Resources plc (Vedanta) on 10 May 2010, for total consideration of $1,338 million on an attributable debt and cash free basis. Due to the regulatory approval and competition clearance processes, separate completion dates were expected for each of the three businesses within the zinc portfolio, namely the Skorpion mine, the Lisheen mine and Black Mountain Mining (Proprietary) Limited. On 3 December 2010 the Group completed the sale of the Skorpion zinc mine in Namibia to Vedanta resulting in a net cash inflow of $570 million.

32. DISPOSALS continued

Bafokeng-Rasimone Platinum mine (BRPM)

On 7 December 2009 Anglo Platinum Limited exchanged its direct interest of 17% in BRPM for a 25.4% interest in Royal Bafokeng Platinum Limited (RB Plat) which was to be listed within 24 months, subject to favourable market conditions. In November 2010 the BRPM restructuring transaction was completed, which involved a change in the participation interests of the joint venture from that of joint control and management by Anglo Platinum Limited to RB Plat holding a majority interest and operating the joint venture. Until listing on 8 November 2010 Anglo Platinum Limited retained an effective 50% economic interest in BRPM and continued to exert joint control. As a result of the primary listing of RB Plat and the subsequent disposal by Anglo Platinum Limited of a portion of its shareholding in RB Plat, Anglo Platinum Limited retained an interest of 12.6% in RB Plat, which is accounted for as a financial asset investment. Anglo Platinum Limited retains a 33% interest in BRPM, which has been equity accounted from 8 November 2010.

The total gain on the Bafokeng transaction was $546 million, which comprises the profit on disposal of $106 million and the fair value adjustments to the retained investments in RB Plat and BRPM of $440 million.

Tarmac European businesses

The Group completed the disposal of Tarmac's Polish concrete products business in March 2010, its French and Belgian concrete products business in May 2010, and its aggregates business in France, Germany, Poland and the Czech Republic in September 2010, resulting in combined net cash inflows of $472 million.

Other disposals

In December 2010 the Group disposed of undeveloped coal assets in Australia (Metallurgical Coal segment) resulting in a net cash inflow of $522 million. In April 2010 Platinum sold its 37% interest in the Western Bushveld joint venture for consideration of $107 million. This investment had a nominal carrying value.

Disposals in the year ended 31 December 2009

Disposals of subsidiaries and joint ventures in the year ended 31 December 2009 mainly related to disposals in the Platinum segment. In June 2009 Platinum disposed of a 50% interest in the Booysendal joint venture and a 51% interest in Bokoni Platinum Mines Limited (and certain other joint venture projects).

33. DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

Tarmac disposal groups, which were previously classified as held for sale at 31 December 2009, were disposed of in 2010.

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

US$ million	2010 Zinc disposal groups[1]	2009 Tarmac disposal groups
Intangible assets	4	13
Property, plant and equipment	117	422
Deferred tax assets	–	5
Other non-current assets	49	2
Total non-current assets	170	442
Inventories	26	42
Trade and other receivables	75	72
Cash and cash equivalents	59	64
Total current assets	160	178
Total assets	330	620
Trade and other payables	(40)	(66)
Short term borrowings	–	(13)
Provisions for liabilities and charges	–	(4)
Total current liabilities	(40)	(83)
Medium and long term borrowings	–	(3)
Deferred tax liabilities	(23)	(46)
Provisions for liabilities and charges	(72)	(55)
Other non-current liabilities	(7)	(4)
Total non-current liabilities	(102)	(108)
Total liabilities	(142)	(191)
Net assets	188	429

(1) Relates to the Group's portfolio of zinc assets (Other Mining and Industrial segment) for which disposal transactions had not completed at 31 December 2010 (the Lisheen mine and a 74% interest in Black Mountain Mining (Proprietary) Limited, which holds 100% of the Black Mountain mine and the Gamsberg project). The Skorpion mine was disposed of in December 2010 (refer to note 32).

34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the 2007 demerger agreement, Anglo American and the Mondi Group have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising is remote.

At 31 December 2010, the Group and its subsidiaries had provided aggregate amounts of $813 million (2009: $704 million) of loan and performance guarantees to banks and other third parties primarily in respect of environmental restoration and decommissioning obligations. For information relating to contingent liabilities in respect of associates and joint ventures refer to notes 17 and 18 respectively.

No contingent liabilities were secured on the assets of the Group at 31 December 2010 or 31 December 2009.

Contingent assets

There were no significant contingent assets in the Group at 31 December 2010 or 31 December 2009.

Other

Kumba Iron Ore Limited (Kumba)

Kumba's Sishen Iron Ore Company (SIOC) notified ArcelorMittal South Africa Limited (ArcelorMittal) on 5 February 2010, that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen Mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining right. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen Mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from Sishen Mine. This arrangement will endure until 31 July 2011. Both parties have exchanged their respective pleadings, and the arbitration panel has been appointed.

After ArcelorMittal failed to convert its old order mining right, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Proprietary) Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

SIOC initiated an application on 14 December 2010 to interdict ICT from applying for a mining right in respect of Sishen Mine and the DMR from accepting an application from ICT, or granting such 21.4% mining right to ICT pending the final determination of the review application. This application is currently pending.

The DMR informed SIOC on 12 January 2011 that ICT had applied for a 21.4% mining right over Sishen Mine on 9 December 2010, and that the DMR had accepted this application on 23 December 2010. The DMR's acceptance of the application means that the mining right application will now be evaluated according to the detailed process stipulated in the Mineral Resources & Petroleum Development Act 2004 before a decision is made as to whether or not to grant the mining right.

SIOC does not believe that it was lawful for the DMR to have accepted ICT's application, pending the High Court Review initiated in May 2010, and has formally objected to, and appealed against, the DMR's acceptance of ICT's mining right application. SIOC has also requested that its interdict application be determined on an expedited basis, in order to prevent the DMR from considering ICT's mining right application until the finalisation of the review proceedings. In addition, SIOC is in the process of preparing a challenge against the DMR's decision of 25 January 2011 to reject SIOC's May 2009 application to be granted the residual 21.4% mining right. Finally, on 26 January 2011, SIOC lodged a new application for the residual 21.4% mining right.

On 4 February 2011 SIOC made an application to join ArcelorMittal as a respondent in the review proceedings.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in 25 separate lawsuits, each one on behalf of a former mineworker (or his dependents or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services. The aggregate amount of the 25 claims is less than $5 million, although if these claims are determined adversely to AASA, there are a substantial number of additional former mineworkers who may seek to bring similar claims. The first trials of these claims are not expected before late 2012.

35. COMMITMENTS

At 31 December the Group had the following outstanding capital commitments and commitments under non-cancellable operating leases:

Capital commitments

US$ million	2010	2009
Contracted but not provided	2,669	2,877

Operating leases

US$ million	2010	2009
Expiry date		
Within one year	135	140
Greater than one year, less than two years	85	95
Greater than two years, less than five years	158	194
Greater than five years	339	399
	717	828

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

36. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint ventures and associates (see note 37).

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 to the Group than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled $255 million (2009: $616 million), as disclosed in the Consolidated cash flow statement.

At 31 December 2010 the Group had provided loans to joint ventures of $319 million (2009: $262 million). These loans are included in financial asset investments. Amounts payable to joint ventures at 31 December 2010 were $59 million (2009: nil).

At 31 December 2010 the directors of the Company and their immediate relatives controlled 2% (2009: 3%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the directors' remuneration report. Remuneration and benefits of key management personnel including directors are disclosed in note 8.

Information relating to pension fund arrangements is disclosed in note 28.

Related party transactions with De Beers

During the year, the Group has entered into various transactions with DB Investments SA and De Beers SA (together De Beers). These transactions are considered to be related party transactions for the purposes of the United Kingdom Listing Authority Listing Rules as a result of the interest in De Beers held by Central Holdings Limited and certain of its subsidiaries (together CHL) in which Mr N. F. Oppenheimer, a director of the Company, has a relevant interest for the purpose of the rules.

In February 2010, the shareholders of De Beers agreed, as part of the refinancing of the De Beers group (the Refinancing), that additional equity was required by De Beers. As a result, such shareholders (including CHL) subscribed, in proportion to their shareholding, for $1 billion of additional equity in De Beers. The Group's share of this equity was $450 million and CHL's share was $400 million.

Pursuant to the Refinancing, and to satisfy the requirements of the lenders to De Beers, the shareholders agreed to certain restrictions until specified financial tests (Normalisation) were met. De Beers has confirmed that Normalisation occurred during November 2010 and accordingly such restrictions (other than certain subordination obligations) have fallen away. As part of the agreed equity subscription, a temporary re-ranking of distribution rights, to be implemented following Normalisation, was agreed. In pursuance of that agreement, in November 2010 a $20 million repayment of shareholder loans was made by De Beers (including to the Group and CHL), pro rata to their individual equity subscriptions and in priority to existing preferences under the terms of outstanding preference shares. However, during the period, De Beers also redeemed the remaining $88 million 10% non-cumulative redeemable preference shares held by the Group in De Beers, and settled all accrued dividends and interest, in an aggregate amount of $18 million, relating to such shares.

At 31 December 2010 the amount of outstanding loans owed by De Beers to the Group and included in financial asset investments amounted to $358 million (2009: $367 million). These loans are subordinated in favour of third party lenders and include:

- dividend reinvestment loans of $133 million (2009: $142 million) advanced during 2008 and 2009. These loans are interest free for two years from the date of advance and subsequently interest bearing in line with market rates at the date of the initial reinvestment; and
- a further shareholder loan of $225 million advanced in 2009. This loan is interest free for two years after which it reverts to a rate of interest equal to LIBOR plus 700 basis points until April 2016 and then, provided all interest payments are up to date, reduces to LIBOR plus 300 basis points.

37. GROUP COMPANIES

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2010, 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. As permitted by section 410 of the Companies Act 2006, the Group has restricted the information provided to its principal subsidiaries in order to avoid a statement of excessive length.

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned[1] 2010	2009
Platinum				
Anglo Platinum Limited	South Africa	Platinum	**79.7%**	79.7%
Copper				
Anglo American Sur SA	Chile	Copper	**100%**	100%
Anglo American Norte SA	Chile	Copper	**99.9%**	99.9%
Minera Quellaveco SA	Peru	Copper project	**81.9%**	81.9%
Nickel				
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	**100%**	100%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	**100%**	100%
Minera Loma de Níquel, CA	Venezuela	Nickel	**91.4%**	91.4%
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	**65.3%**	62.8%
Anglo Ferrous Brazil SA	Brazil	Iron ore	**100%**	100%
Anglo Ferrous Minas-Rio Mineração SA	Brazil	Iron ore project	**100%**	100%
Anglo Ferrous Amapá Mineração Limitada	Brazil	Iron ore system	**70%**	70%
Metallurgical Coal				
Anglo American Metallurgical Coal Holdings Limited[2]	Australia	Coal	**100%**	100%
Thermal Coal				
Anglo Coal[3]	South Africa	Coal	**100%**	100%
Other Mining and Industrial				
Tarmac Group Limited	UK	Construction materials	**100%**	100%
Tarmac Building Products Limited	UK	Construction materials	**100%**	n/a
Tarmac SRL	Romania	Construction materials	**100%**	100%
Tarmac Agrega Mining and Construction Industry and Trading Company Limited	Turkey	Construction materials	**100%**	100%
Anglo American Aggregates (Huzhou) Limited	China	Construction materials	**100%**	100%
Lisheen[4]	Ireland	Zinc and lead	**100%**	100%
Black Mountain Mining (Proprietary) Limited[5]	South Africa	Zinc, lead and copper	**74%**	74%
Gamsberg Zinc[5]	South Africa	Zinc project	**74%**	74%
Scaw Metals	South Africa	Steel, engineering works and grinding media	**74%**	74%
Copebrás Limitada	Brazil	Fertilisers and acid	**100%**	73%
Anglo American Brasil Limitada (Catalão)	Brazil	Niobium	**100%**	100%
Peace River Coal Partnership	Canada	Coal	**74.8%**	74.8%

See page 168 for footnotes.

37. GROUP COMPANIES continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned[6] 2010	2009
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	49%	49%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	49%	49%
Midland Quarry Products Limited	UK	Construction materials	50%	50%
Tarmac Oman Limited	Hong Kong	Construction materials	50%	50%
Midmac Tarmac Qatar LLC	Qatar	Construction materials	50%	50%

Associates	Country of incorporation	Business	Percentage of equity owned[6] 2010	2009
DB Investments SA	Luxembourg	Diamonds	45%	45%
Samancor Holdings (Pty) Limited[7]	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company (Pty) Limited (GEMCO)[7]	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company (Pty) Limited (TEMCO)[7]	Australia	Manganese	40%	40%
Queensland Coal Mine Management (Pty) Limited	Australia	Coal	33.3%	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	33.3%	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	33.3%	33.3%

Proportionately consolidated jointly controlled operations[8]	Location	Business	Percentage owned 2010	2009
Drayton	Australia	Coal	88.2%	88.2%
Moranbah North	Australia	Coal	88%	88%
German Creek[9]	Australia	Coal	70%	70%
Foxleigh	Australia	Coal	70%	70%
Dawson	Australia	Coal	51%	51%

(1) The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned, unless stated.
(2) Anglo Coal Holdings Australia Limited changed its name to Anglo American Metallurgical Coal Holdings Limited on 18 December 2009.
(3) A division of Anglo Operations Limited, a wholly owned subsidiary.
(4) The Group's interest in the Lisheen operations was held through Anglo American Lisheen Mining Limited, Killoran Lisheen Mining Limited and Lisheen Milling Limited. The Group owned 100% of the equity of each of these companies at 31 December 2010 and 31 December 2009.
(5) Gamsberg Zinc is a division of Black Mountain Mining (Proprietary) Limited.
(6) All equity interests shown are ordinary shares.
(7) These entities have a 30 June year end.
(8) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated jointly controlled operations.
(9) The German Creek operation includes both Capcoal Open Cut and Underground operations.

38. EVENTS OCCURRING AFTER END OF YEAR

As set out in note 32, the Group announced the sale of its zinc portfolio to Vedanta on 10 May 2010, for a total consideration of $1,338 million. Due to the regulatory approval and competition clearance processes, separate completion dates were expected for each of the three businesses within the zinc portfolio. Following regulatory approval from the relevant authorities, the completion of the sale of Black Mountain Mining (Proprietary) Limited and the Lisheen mine took place in February 2011 for a combined net cash inflow of approximately $500 million.

On 18 February 2011, the Group and Lafarge SA (Lafarge) announced an agreement to combine their cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom, Tarmac Limited (Tarmac UK) and Lafarge Cement UK, Lafarge Aggregates and Concrete UK (Lafarge UK). The combined sales of these two businesses in 2010 amounted to £1,830 million ($2,815 million), with combined EBITDA of £210 million ($323 million). Tarmac UK is included in the Group's Other Mining and Industrial segment. The joint venture, in which each of Anglo American and Lafarge will have a 50% shareholding, will operate with its own Board of Directors led by an independent Chairman and executive management teams drawn from both businesses. Completion of the transaction is conditional upon regulatory approval. Both Lafarge UK and Tarmac UK operations will continue to operate independently until obtaining such approvals.

With the exception of the above and the proposed final dividend for 2010, disclosed in note 12, there have been no material reportable events since 31 December 2010.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY
a) Balance sheet of the Company, Anglo American plc, as at 31 December 2010

US$ million	Note	2010	2009
Fixed assets			
Fixed asset investments	39c	12,904	13,104
Current assets			
Amounts due from subsidiaries		7,209	4,490
Prepayments and other debtors		8	13
Cash at bank and in hand		74	40
		7,291	4,543
Creditors due within one year			
Cash held on behalf of subsidiaries		(25)	(79)
Amounts owed to subsidiaries		(190)	(187)
Other creditors		(14)	(15)
		(229)	(281)
Net current assets		7,062	4,262
Total assets less current liabilities		19,966	17,366
Liabilities due after more than one year			
Convertible bond		(1,434)	(1,369)
Net assets		18,532	15,997
Capital and reserves			
Called-up share capital	39b	738	738
Share premium account	39b	2,713	2,713
Capital redemption reserve	39b	115	115
Other reserves	39b	1,955	1,955
Share-based payment reserve	39b	6	15
Convertible debt reserve	39b	355	355
Profit and loss account	39b	12,650	10,106
Total shareholders' funds (equity)		18,532	15,997

The financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 18 February 2011 and signed on its behalf by:

Cynthia Carroll
Chief executive

René Médori
Finance director

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

b) Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves[1]	Share-based payment reserve	Convertible debt reserve	Profit and loss account[2]	Total
Balance at 1 January 2009	738	2,713	115	1,955	22	–	8,545	14,088
Profit for the financial year	–	–	–	–	–	–	1,337	1,337
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	31	31
Share-based payments	–	–	–	–	7	–	–	7
Capital contribution to group undertakings	–	–	–	–	–	–	179	179
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(14)	–	14	–
Issue of convertible bond	–	–	–	–	–	355	–	355
Balance at 1 January 2010	738	2,713	115	1,955	15	355	10,106	15,997
Profit for the financial year	–	–	–	–	–	–	2,582	2,582
Dividends paid[3]	–	–	–	–	–	–	(212)	(212)
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	42	42
Share-based payments	–	–	–	–	3	–	–	3
Capital contribution to group undertakings	–	–	–	–	–	–	120	120
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(12)	–	12	–
Balance at 31 December 2010	738	2,713	115	1,955	6	355	12,650	18,532

(1) At 31 December 2010 other reserves of $1,955 million (2009: $1,955 million) were not distributable under the Companies Act 2006.
(2) At 31 December 2010 $385 million (2009: $405 million) of the Company profit and loss account of $12,650 million (2009: $10,106 million) was not distributable under the Companies Act 2006.
(3) Dividends paid 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. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing a final dividend in respect of the year ended 31 December 2010 of 40 US cents per share (refer to note 12).

The audit fee in respect of the parent company was $7,000 (2009: $7,000). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 3.

c) Fixed asset investments

US$ million	Investment in subsidiaries 2010	2009
Cost		
At 1 January	13,112	12,933
Capital contributions	120	179
At 31 December	13,232	13,112
Provisions for impairment		
At 1 January	(8)	(8)
Impairment charge	(320)	–
At 31 December	(328)	(8)
Net book value	12,904	13,104

Impairment testing of fixed asset investments

As a result of the Group's ongoing disposal of non-core operations during the year, the Company's investment in Anglo American Finance (UK) plc (AA Finance) was tested for impairment at 31 December 2010. The carrying value of the Company's investment in AA Finance is supported by a number of businesses, including the Tarmac Group. Consistent with the Group's loss on disposal of certain Tarmac European businesses during the year, the Company recognised an impairment charge of $320 million.

A value in use model, using a discount rate of 6%, was utilised to determine the recoverable amount of the investment.

d) Accounting policies: Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, following implementation of these standards, actual results may differ from those estimated.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to $2,582 million (2009: $1,337 million).

Significant accounting policies

Deferred tax

Deferred tax 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.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 29 to the consolidated financial statements of the Group for the year ended 31 December 2010.

Investments

Investments represent equity holdings in subsidiaries and are held at cost less provision for impairment.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.