

ANGLO INDUSTRIAL MINERALS HOLDINGS LIMITED

Report and Financial Statements

31 December 2002

**Deloitte & Touche
London**



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

Page

| | |
|---|----------|
| General information | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 4 |
| Independent auditors' report | 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Notes to the accounts | 8 |

REPORT AND FINANCIAL STATEMENTS 2002

GENERAL INFORMATION

DIRECTORS

R S Robertson
F K J Jackson
D C Cather

SECRETARY

G A Wilkinson

REGISTERED OFFICE

20 Carlton House Terrace
London SW1Y 5AN

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company is a holding company, holding investments in the United Kingdom as part of the Anglo American plc group of companies. The Company has traded at a loss during the period, as noted below, and it is anticipated that this will continue for the foreseeable future.

RESULTS AND DIVIDENDS

The retained loss for the year was £24,983,504 (2001 – loss: £25,232,340). The directors do not recommend the payment of a dividend for the year (2001 – £ nil).

DIRECTORS AND THEIR INTERESTS

The following served as directors throughout the year and to the present time.

R S Robertson
F K J Jackson
D C Cather

None of the directors had any disclosable interests in the shares of the Company or of any other group companies during the year, apart from options and share interests in Anglo American plc ("AA plc") shown below.

Directors' share options

| | Total holding at 1 January 2002 | Options granted ⁽¹⁾ | Total holding at 31 December 2002 |
|---------------|--|---|--|
| D C Cather | 29,480 | 12,000 | 41,480 |
| F K J Jackson | 52,480 | 16,000 | 68,480 |
| R S Robertson | 163,480 | 32,000 | 195,480 |

(1) Options granted under the Anglo American Share Option Scheme.

Long term incentive plan (LTIP)

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

| | Total interest in LTIP at 1 January 2002 | No. of shares conditionally awarded during the year | Total interest in LTIP at 31 December 2002 |
|---------------|---|--|---|
| D C Cather | 6,900 | 6,900 | 13,800 |
| F K J Jackson | 9,700 | 9,700 | 19,400 |
| R S Robertson | 22,500 | 22,500 | 45,000 |

- (1) The LTIP award made in 2002 is conditional on certain performance conditions, as set out in the Annual Report of Anglo American plc.
- (2) The directors have also been granted additional unconditional shares in order to meet the Company's national insurance contribution liability on these awards under the LTIP. The directors do not benefit from such an arrangement, which operates as a hedge against the Company's future uncapped national insurance contributions liability.
- (3) The performance period applicable to each award is three years.

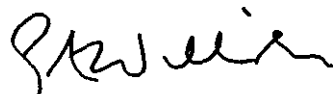
DIRECTORS' REPORT (continued)**Directors' share interests**

The interests of directors who held office at 31 December 2002 in Ordinary Shares of AA plc were as follows:

| | As at 1 January 2002 | | As at 31 December 2002 | |
|---------------|----------------------|----------------------------|------------------------|----------------------------|
| | Beneficial | Conditional ⁽¹⁾ | Beneficial | Conditional ⁽¹⁾ |
| D C Cather | 1,604 | - | 1,662 | 58 |
| F K J Jackson | 8,436 | 1,480 | 7,281 | 2,325 |
| R S Robertson | 20,420 | 2,112 | 21,750 | 3,442 |

- (1) The awards of these shares under the deferred bonus scheme and share incentive plan are conditional upon the participant's continued employment by the Company until three years after the conditional grant date and allotment date respectively.

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



G A Wilkinson

Secretary

31 July 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 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 and 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 INDUSTRIAL MINERALS HOLDINGS LIMITED**

We have audited the financial statements of Anglo Industrial Minerals Holdings Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors, London

31 July 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

| | Note | 2002 £ | 2001 £ |
|--|------|----------------------|----------------------|
| Income from shares in group undertakings | 3 | - | (4,751,814) |
| Interest receivable and similar income | 4 | 10,388 | 178,403 |
| Interest payable and similar charges | 6 | (20,374,383) | (29,436,297) |
| Loss on ordinary activities before taxation | 2 | (20,363,995) | (34,009,708) |
| Tax (charge)/credit on loss on ordinary activities | 7 | (4,619,509) | 8,777,368 |
| Loss on ordinary activities after taxation and retained loss for the financial year | | (24,983,504) | (25,232,340) |
| Profit and loss account brought forward | | (151,622,021) | (126,389,681) |
| Profit and loss account carried forward | | <u>(176,605,525)</u> | <u>(151,622,021)</u> |

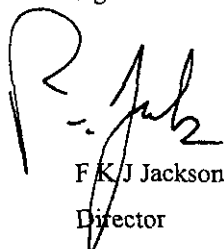
There are no recognised gains or losses for the current year and preceding financial year other than as stated in the profit and loss account. Accordingly, neither a statement of total recognised gains and losses nor a reconciliation of movements in shareholders' funds has been prepared.

All amounts derive from continuing operations.

BALANCE SHEET
31 December 2002

| | Note | 2002 £ | 2001 £ |
|--|------|---------------|---------------|
| FIXED ASSETS | | | |
| Investments | 9 | 231,050,766 | 231,048,766 |
| CURRENT ASSETS | | | |
| Debtors due within one year | 10 | 4,329,403 | 10,010,453 |
| Debtors due after more than one year | 10 | 190,165,081 | 190,245,081 |
| Cash at bank and in hand | | 37,974 | 2,700,303 |
| | | 194,532,458 | 202,955,837 |
| CREDITORS: amounts falling due within one year | 11 | (118,747,684) | (77,100,728) |
| NET CURRENT ASSETS | | 75,784,774 | 125,855,109 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 306,835,540 | 356,903,875 |
| CREDITORS: amounts falling due after more than one year | 12 | (440,591,063) | (465,675,894) |
| NET LIABILITIES | | (133,755,523) | (108,772,019) |
| CAPITAL AND RESERVES | | | |
| Called up equity share capital | 13 | 8,570,002 | 8,570,002 |
| Share premium account | | 34,280,000 | 34,280,000 |
| Profit and loss account | | (176,605,525) | (151,622,021) |
| EQUITY SHAREHOLDERS' DEFICIT | | (133,755,523) | (108,772,019) |

These financial statements were approved by the Board of Directors on 31 July 2003.
Signed on behalf of the Board of Directors


F K J Jackson
Director

NOTES TO THE ACCOUNTS**Year ended 31 December 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with United Kingdom accounting standards. All accounting policies are consistent with the prior year. The particular accounting policies adopted are described below.

Going concern

The financial statements have been prepared on the going concern basis. This assumes that the company will continue to have adequate financial resources to meet its liabilities as they fall due. Anglo American plc, the ultimate parent of the company, has agreed to provide financial support for at least the next twelve months.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Fixed assets investments are stated at cost less provision for any impairment.

Deferred taxation

Deferred taxation is provided in full on 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, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees were borne by Tarmac Limited, a group company, in the current and preceding year.

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

| | 2002 £ | 2001 £ |
|--|-----------|-------------|
| Income from shares in group undertakings | - | (4,751,814) |

The prior year charge represents the reversal of dividend income recognised in 2000 that was subsequently cancelled on finalisation of that group undertaking's accounts.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2002 £ | 2001 £ |
|--------------------------|---------------|----------------|
| Bank interest receivable | 10,388 | 178,403 |
| | <u>10,388</u> | <u>178,403</u> |

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no employees during the year (2001 – none). The directors received no emoluments in respect of their services to the company during the year (2001 – £ nil).

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2002 £ | 2001 £ |
|--|------------|------------|
| Interest payable on loan from immediate parent company | 20,374,383 | 29,436,297 |

7. TAX (CHARGE)/CREDIT ON LOSS ON ORDINARY ACTIVITIES

| | 2002 £ | 2001 £ |
|---|--------------|--------------|
| Current Tax: | | |
| UK Corporation tax credit on losses for the year | 6,109,199 | 8,777,368 |
| Adjustments in respect of previous years | (10,728,708) | - |
| Tax (charge)/credit on loss on ordinary activities | (4,619,509) | 8,777,368 |
| Factors Affecting Tax Charge for Period: | | |
| Loss on ordinary activities before tax | (20,363,995) | (34,009,708) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%) | 6,109,199 | 10,202,912 |
| Expenses not deductible for tax purposes | - | (1,425,544) |
| Adjustments to tax charge in respect of previous periods | (10,728,708) | - |
| | (4,619,509) | 8,777,368 |

8. PROVISION OF DEFERRED TAX

| | 2002 | | 2001 | |
|---|---------------|-----------------|---------------|-----------------|
| | Provided £ | Unprovided £ | Provided £ | Unprovided £ |
| Tax losses carried forward | - | 10,667,303 | - | 10,667,303 |
| Undiscounted provision for deferred tax | - | 10,667,303 | - | 10,667,303 |

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. INVESTMENTS HELD AS FIXED ASSETS

| | 2002 £ | 2001 £ |
|--|--------------------|--------------------|
| Shares in subsidiary undertakings | | |
| Cost | | |
| Cost at 1 January | 337,048,766 | 337,048,766 |
| Intragroup Transfers | 2,000 | - |
| Cost at 31 December | <u>337,050,766</u> | <u>337,048,766</u> |
| Provisions: | | |
| At 1 January | 106,000,000 | 106,000,000 |
| At 31 December | <u>106,000,000</u> | <u>106,000,000</u> |
| Net book value | | |
| At 31 December | <u>231,050,766</u> | <u>231,048,766</u> |

The Company's wholly owned subsidiaries are all incorporated in Great Britain and are listed below:

| Subsidiary | Nature of Business |
|----------------------------------|---|
| Anglo Industrial Minerals Ltd | Services Company |
| Buxton Lime Industries Limited | Industrial Minerals Company |
| Tarmac Southern Limited | Industrial Minerals Company |
| Tarmac Western Limited | Industrial Minerals Company |
| Tarmac Concrete Products Limited | Industrial Minerals Company |
| Tilcon Holdings Limited | Holding Company for Industrial Minerals Companies |

Group accounts have not been prepared as the Company is a wholly owned subsidiary of another company incorporated within the European Union. Consequently the financial statements present information about the Company as an individual undertaking rather than as a group.

10. DEBTORS

| | 2002 £ | 2001 £ |
|--------------------------------------|--------------------|--------------------|
| Due within one year: | | |
| Amounts owed by group undertakings | 929,767 | 1,950,633 |
| Prepayments and accrued income | 80,000 | 120,675 |
| Group relief | 3,319,636 | 7,939,145 |
| | <u>4,329,403</u> | <u>10,010,453</u> |
| Due after more than one year: | | |
| Amounts owed by group undertakings | 189,805,081 | 189,805,081 |
| Prepayments and accrued income | 360,000 | 440,000 |
| | <u>190,165,081</u> | <u>190,245,081</u> |

NOTES TO THE ACCOUNTS
Year ended 31 December 2002**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 2002 £ | 2001 £ |
|--|--------------------|-------------------|
| Amounts owed to subsidiary undertakings | 36,585,153 | 17,938,585 |
| Amounts owed to other group undertakings | 82,162,531 | 59,162,143 |
| | <u>118,747,684</u> | <u>77,100,728</u> |

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2002 £ | 2001 £ |
|-------------------------------------|--------------------|--------------------|
| Loans from other group undertakings | - | 24,003,591 |
| Loan from immediate parent company | 440,591,063 | 441,672,303 |
| | <u>440,591,063</u> | <u>465,675,894</u> |

The loan from the immediate parent company, which is repayable within 12 to 24 months, incurred interest at Base Rate plus 1% per annum January to March 2002 inclusive and Base Rate plus 0.5% per annum thereafter. (2001: Base Rate plus 1%).

13. CALLED UP EQUITY SHARE CAPITAL

| | 2002 £ | 2001 £ |
|--|------------------|------------------|
| Authorised: | | |
| 50,000,000 ordinary shares of £1 each | 50,000,000 | 50,000,000 |
| Called up, allotted and fully paid: | | |
| 8,570,002 ordinary shares of £1 each | <u>8,570,002</u> | <u>8,570,002</u> |

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

14. CONTINGENT LIABILITIES

The Company has guaranteed the performance of certain of its wholly owned subsidiaries in respect of contract work performed in the United Kingdom.

15. CONTROL

The immediate parent company is Anglo American Finance (UK) PLC, a company incorporated in Great Britain.

As at 31 December 2002 the ultimate parent company and controlling party was Anglo American plc. The smallest and largest group that publishes consolidated accounts incorporating the results of this Company is Anglo American plc. Copies of the group accounts are available from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN.

16. RELATED PARTY TRANSACTIONS

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 plc group companies.