

**BOART LONGYEAR (INVESTMENTS)
LIMITED**

Report and Financial Statements

31 December 2002

**Deloitte & Touche
Leeds**



REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N Haltof
N T Gibson
M H Moore

SECRETARY

S W Price

REGISTERED OFFICE

Chapel View
9 Market Street
Windsor
Berks
SL4 1PB

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

AUDITORS

Deloitte & Touche
Chartered Accountants
Leeds

DIRECTORS' REPORT

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

ACTIVITIES

The company is an investment holding company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The profit before tax for the year ended 31 December 2002 amounted to £163,158 (2001 : £4,792,600). Future prospects are dependent on the continued ability of the subsidiary companies to remit dividends.

DIVIDENDS

Dividends of £195,863 were declared during 2002 (2001 : £4,571,656).

EXEMPTION FROM REQUIREMENT TO PRODUCE GROUP ACCOUNTS

In our opinion the company is entitled for the year ended 31 December 2002 to the exemption conferred by Section 228 of the Companies Act 1985 from the requirement to prepare group accounts due to the preparation of group accounts for the intermediate parent company.

DIRECTORS

The directors who served during the year are shown on page 1.

None of the directors who held office at the end of the year had any interest in the shares of the company. Details of N T Gibson's interest in or options over the shares of Anglo American PLC are shown in the financial statements of Boart Longyear (Holdings) Ltd.

ELECTIVE RESOLUTIONS

The company has approved an elective resolution under S379A (as amended) of the Companies Act 1985 to dispense with the requirement to hold an annual general meeting, the need to approve the financial statements and the reappointment of auditors. As a consequence Deloitte & Touche will remain as auditors of the company until such time as the company or Deloitte & Touche determine.

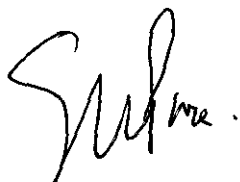
Approved by the Board of Directors and signed on behalf of the Board

S W Price

Secretary

20 JUNE

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;
- prepare the financial statements on a 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 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 BOART
LONGYEAR (INVESTMENTS) LIMITED**

We have audited the financial statements of Boart Longyear (Investments) Limited for the year ended 31 December 2002 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 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

Leeds

United Kingdom

23 June 2003

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £	2001 £
Administrative expenses		-	(2,000)
OPERATING LOSS	2	-	(2,000)
Interest receivable		359	1,647
Dividends receivable		162,799	4,792,953
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		163,158	4,792,600
Tax on profit on ordinary activities	4	-	(7,001)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		163,158	4,785,599
Dividends paid and proposed	5	(195,863)	(4,571,656)
RETAINED (LOSS)/PROFIT FOR THE YEAR		(32,705)	213,943
Retained profit brought forward		4,202,005	3,988,062
Retained profit carried forward		4,169,300	4,202,005

All amounts derive from continuing operations.

There were no recognised gains and losses and other movements in shareholders' funds for the current and prior year other than as shown in the profit and loss account above.

BALANCE SHEET

31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	6	<u>39,420,142</u>	<u>39,420,142</u>
CURRENT ASSETS			
Debtors	7	4,169,400	4,202,464
Cash at bank and in hand		<u>-</u>	<u>1,729,391</u>
		<u>4,169,400</u>	<u>5,931,855</u>
CREDITORS: amounts falling due within one year	8	<u>-</u>	<u>(1,729,750)</u>
NET CURRENT ASSETS		<u>4,169,400</u>	<u>4,202,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>43,589,542</u>	<u>43,622,247</u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Contributed capital	10	39,420,142	39,420,142
Profit and loss account		<u>4,169,300</u>	<u>4,202,005</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>43,589,542</u>	<u>43,622,247</u>

These financial statements were approved by the Board of Directors on **20 JUNE** 2003.

Signed on behalf of the Board of Directors



N Haltof

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Shares in group companies are stated at cost less provision for any impairment in value.

Conversion of foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

Investment income

Investment income is accounted for on the receipts basis.

2. OPERATING LOSS

The audit fee in 2002 was borne by a fellow subsidiary company (2001: £2,000).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No fees, remuneration or other emoluments were paid to directors in respect of their services to the company during the year or the prior year. There were no employees (2001 : nil).

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
UK Corporation tax at 30% (2001 : 30%)	76,312	2,213,276
Less: Double tax relief	(76,312)	(2,213,276)
	<u>-</u>	<u>-</u>
Overseas withholding taxation charge	-	7,001
	<u>-</u>	<u>7,001</u>

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2001 : 30%). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>163,158</u>	<u>4,792,600</u>
Tax on profit on ordinary activities at the standard rate	(48,947)	(1,437,780)
Group relief	106	-
Underlying tax	(27,471)	(775,496)
Double tax relief	76,312	2,213,276
Foreign tax	-	(7,001)
	<u>-</u>	<u>(7,001)</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. DIVIDENDS

A dividend of £195,863, being £1,959 per ordinary share (2001 : £2,843,906, £28,439 per ordinary share) was paid during the year. A dividend of £nil (2001 : £1,727,750, £17,278 per ordinary share) was declared but not paid by the end of the year.

6. INVESTMENTS HELD AS FIXED ASSETS

	2002 £	2001 £
Shares in subsidiary companies at 31 December at cost and net book value	39,420,142	39,420,142

(i) The principal subsidiary undertakings and associates are as follows:

	Country of Incorporation	Nature of Business	Percentage Holding
Subsidiary companies:			
Boart Longyear Consolidated Holdings, Inc	USA	Investment holding company	66.66% direct
Torque Tension (Pvte) Limited	Zimbabwe	Supply of coal mining and safety products and services (now dormant)	51% direct 41.16% indirect
Boart Zimbabwe Limited	Zimbabwe	Manufacture and supply of equipment, tools and services to the mining construction and allied industries	84% direct
E C Lenning (Pvte) Ltd	Zimbabwe	Supply of mining and exploratory tools (now dormant)	100% direct
E C Lenning Botswana (Pty) Ltd	Botswana	Supply of mining and exploratory tools	100% direct

No amount has been included in respect of the investments of any of the above companies other than Boart Longyear Consolidated Holdings Inc. The investments in the other companies, of which the original cost to the group was US\$7,046,133 and S.A. Rand 1,200,000, have been fully provided against, in view of the currency restrictions which exist.

(ii) Under the provisions of S228 of the Companies Act 1985 and Financial Reporting Standard No.2, the company is exempt from the obligation to prepare and deliver group accounts. The company's results are included in the group consolidated financial statements of Boart Longyear Luxembourg, which is incorporated in Luxembourg. The company's results are also consolidated in the accounts of Anglo American PLC, which is incorporated in the United Kingdom. Accordingly these financial statements provide information about the company as an individual undertaking only not as a group.

The directors are of the opinion that the aggregate value of the shares in and amounts owing from subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the balance sheet.

7. DEBTORS

	2002 £	2001 £
Amounts owed by parent company	4,169,400	4,169,400
Amounts owed by fellow subsidiary undertakings	-	33,064
	<u>4,169,400</u>	<u>4,202,464</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Accruals and deferred income	-	2,000
Dividend payable	-	1,727,750
	<u>-</u>	<u>1,729,750</u>

9. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. CONTRIBUTED CAPITAL

	2002	2001
	£	£
Contributed capital	<u>39,420,142</u>	<u>39,420,142</u>

During 1995 capital was contributed by another group company to finance the purchase of an interest in Boart Longyear Consolidated Holdings Inc (see note 6 above).

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from Financial Reporting Standard No.8, which allows for group transactions not to be disclosed as related party transactions. Consolidated financial statements which include the company are publicly available as indicated in note 12 below.

12. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent undertaking and controlling party of the largest group for which group financial statements are prepared is Anglo American PLC which is incorporated in Great Britain.

The company's immediate parent company is Boart Longyear (Holdings) Limited incorporated in Great Britain and registered in England and Wales, which does not produce consolidated financial statements. The parent undertaking of the smallest group for which group financial statements are prepared is Boart Longyear Luxembourg which is incorporated in Luxembourg. Copies of all group financial statements are available from Chapel View, 9 Market Street, Windsor, Berkshire, SL4 1PB.