

OS AA01

Statement of details of parent law and other information for an overseas company

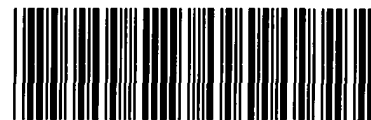


Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☒ **What this form is NOT for**
You cannot use this form to
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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ① Anglo American International Limited

UK establishment
number B R 0 1 9 3 7 9

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② Mauritius Companies Act

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**

☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3.**

Name of organisation
or body ③ International Accounting Standards Board

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts


Accounts Have the accounts been audited? Please tick the appropriate box.

☐ **No.** Go to **Section A5.**

☒ **Yes.** Go to **Section A4.**

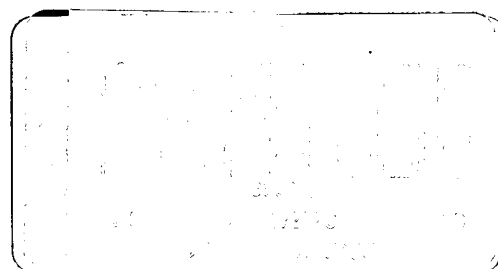
OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts	
Audited accounts	<p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No. Go to Part 3 'Signature'.</p> <p><input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.</p>
Name of organisation or body ^①	International Accounting Standards Board
A5 Unaudited accounts	
Unaudited accounts	<p>Is the company required to have its accounts audited?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No.</p> <p><input type="checkbox"/> Yes.</p>
Part 3 Signature	
	<p>I am signing this form on behalf of the overseas company.</p>
Signature	<p>Signature</p> <p>X  X</p>
	<p>This form may be signed by: Director, Secretary, Permanent representative.</p>

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Anglo American International Limited
Financial statements
31 December 2019



Anglo American International Limited

Anglo American International Limited

Financial statements
for the year ended 31 December 2019

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Anglo American International Limited

Directors: Alan MacPherson
Craig Miller (resigned 29 March 2019)
Richard Price
Zahira Quattrocchi (appointed 2 September 2019)
Matthew Walker (appointed 1 May 2019)

Registered office: C/o AXIS Fiduciary Ltd
2nd Floor, The AXIS
26 Bank Street
Cybercity Ebene
72201
Mauritius

Independent auditor: Deloitte LLP
Statutory Auditor
Hill House
1 Little New St
London
United Kingdom
EC4A 3TR

Banker: Barclays Bank plc
1 Churchill Place
London
E14 5HP

Anglo American International Limited

Strategic report

Introduction

The Company is an investment holding company. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Business review

As shown in the Company's statement of comprehensive income, the Company's profit before tax has increased to \$1,739,594,000 (2018 - \$832,537,000) due to an increase in dividend income during the year.

The balance sheet shows that the Company is in a net asset position of \$14,892,776,000 (2018 - \$15,654,761,000).

Principal risks and uncertainties and financial risk management policies

The directors considered the risks attached to the Company's financial instruments. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. Credit risk is not considered to be material on the basis that the Company's debtor balances are due from other companies within the Anglo American Group.

Key performance indicators

The directors consider the Company's key performance indicator to be the financial performance of its subsidiaries. The performance of these subsidiaries is monitored monthly by the directors by way of comprehensive management reports and as these companies are, and are expected to continue to be, profitable the director considers the key performance indicator outturn to be satisfactory.

This report was approved by the board on 15th April 2020 and signed on its behalf.

Director:

Zahira Quattrone

15 April 2020

Anglo American International Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of Anglo American International Limited (the "Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is that of investment holding in the mining sector.

Results and dividend

The results for the year are shown on page 8.

During the year, the Company paid interim dividends totalling USD 2,414,475,485 (2018: USD 801,390,716) to its parent company Anglo American Overseas Limited.

Post balance sheet events

On 14 January 2020, the Company received a dividend of USD 87,426,784 from its subsidiary Anglo American South Africa Limited.

On 25 March 2020, the Company received a dividend of USD 129,141,521 from its subsidiary Anglo American South Africa Limited.

Following the end of 2019 the novel coronavirus (COVID- 19) has been declared a pandemic by the World Health Organisation. The emergence of COVID- 19 is considered a non-adjusting post balance sheet event as defined in *IAS 10 Events after the reporting period* since it represents a set of conditions which only arose after the balance sheet date. The impact of COVID-19 on the world economy and the Company's future financial performance remains uncertain. Depending on the extent and severity of the pandemic, there may be a material impact on the Company's accounting estimates in future periods.

The directors have reviewed the Company's expected future cashflows and available sources of liquidity and concluded that it remains appropriate to adopt the going concern basis of accounting as disclosed in note 2 for these financial statements.

Directors' responsibilities statement

The directors are responsible for the preparation and presentation of the financial statements in accordance with the requirements of the Mauritius Companies Act applicable to a company holding a Category 2 Global Business Licence, as described in note 2 (a) to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors have reviewed the Company's expected future cashflows and available sources of liquidity. Anglo American Services (UK) Ltd have also confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these accounts, whilst the Company remains a subsidiary of Anglo American plc. The directors of the Company therefore feel the Company will have sufficient funds to conclude that the Company can adopt the going concern basis for the foreseeable future.

Approved by the Board and signed on its behalf by:

Director: *Zahira Quattrone*

15 April 2020

Anglo American International Limited

Independent auditor's report to the members of Anglo American International Limited

Report on the audit of the non-statutory financial statements

Opinion

In our opinion the non-statutory financial statements of Anglo American International Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards and IFRSs as issued by the International Accounting Standards Board (IASB)

We have audited the non-statutory financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the directors have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Anglo American International Limited

Independent auditor's report to the members of Anglo American International Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Anglo American International Limited

Independent auditor's report to the members of Anglo American International Limited

Use of our report

This report is made solely for the exclusive use of the directors and solely for the purpose of providing audited financial statements to the South African Reserve Bank ("SARB"). Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

The engagement partner on the audit resulting in this independent auditor's report is Paul Barnett.

Deloitte LLP

Deloitte LLP

London, United Kingdom
16th April 2020

Anglo American International Limited

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Note	2019 \$000	2018 \$000
Revenue	5	2,101,809	1,281,407
Expenses		(2)	(2)
Exceptional (expense)	8	(355,022)	(456,148)
		<hr/>	<hr/>
Operating profit		1,746,785	825,257
Interest income	9	8,271	7,280
Interest and other similar expenses	10	(15,462)	-
		<hr/>	<hr/>
Profit before taxation		1,739,594	832,537
Taxation	11	(86,904)	(42,178)
		<hr/>	<hr/>
Profit for the year		1,652,690	790,359
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		1,652,690	790,359
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 30 form part of these financial statements.

Anglo American International Limited

Statement of financial position for the year ended 31 December 2019

	Note	2019 \$000	2018 \$000
Assets			
Non-current asset			
Fixed asset investments	12	14,855,955	15,211,178
		-----	-----
Current assets			
Debtors: Amounts falling due within one year	13	36,821	443,583
		-----	-----
Total current assets		36,821	443,583
		-----	-----
Total assets		14,892,776	15,654,761
		=====	=====
Equity			
Share capital	14	4,312	4,312
Share premium	15	10,397,807	10,397,807
Other reserve		1,240,808	1,240,808
Retained earnings		3,249,849	4,011,634
		-----	-----
Total shareholder's funds		14,892,776	15,654,561
		-----	-----
Liabilities			
Current liabilities			
Non-subordinated debt	16	-	-
Provisions	17	-	200
		-----	-----
Total current liabilities		-	200
		-----	-----
Total liabilities		-	200
		-----	-----
Total equity and liabilities		14,892,776	15,654,761
		=====	=====

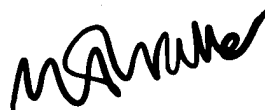
Anglo American International Limited

Statement of financial position at 31 December 2019

These financial statements have been approved and authorised for issue by the Board of Directors on 15th April 2020 and signed on its behalf by



.....
Director



.....
Director

The notes on pages 13 to 30 form part of these financial statements

Anglo American International Limited

Statement of changes in equity
for the year ended 31 December 2019

	Share Capital	Share Premium	Other reserves	Retained earnings	TOTAL
	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January 2019	4,312	10,397,807	1,240,808	4,011,634	15,654,561
Transactions with owners of the Company recognised directly in equity					
Interim dividends	-	-	-	(2,414,475)	(2,414,475)
Total comprehensive income for the year					
Profit for the financial year	-	-	-	1,652,690	1,652,690
Balance as at 31 December 2019	<u>4,312</u>	<u>10,397,807</u>	<u>1,240,808</u>	<u>3,249,849</u>	<u>14,892,776</u>

Anglo American International Limited

Statement of changes in equity
for the year ended 31 December 2018

	Share Capital	Share Premium	Other reserves	Retained earnings	TOTAL
	\$000	\$000	\$000	\$000	\$000
Balance as at 1 January 2018	4,312	10,397,807	1,240,808	4,022,666	15,665,593
Transactions with owners of the Company recognised directly in equity					
Interim dividends	-	-	-	(801,391)	(801,391)
Total comprehensive income for the year					
Profit for the financial year	-	-	-	790,359	790,359
Balance as at 31 December 2018	<u>4,312</u>	<u>10,397,807</u>	<u>1,240,808</u>	<u>4,011,634</u>	<u>15,654,561</u>

The notes on pages 13 to 30 form part of these financial statements.

Anglo American International Limited

Statement of cash flows

for the year ended 31 December 2019

	2019 \$000	2018 \$000
Cash flows from operating activities		
Profit before taxation	1,739,594	832,537
Adjustments for:		
Exceptional expenses/(income)	355,022	456,148
Changes in other payables	-	-
Income taxes paid	(86,904)	(42,178)
Net cash inflows from operating activities	2,007,712	1,246,507
Cash flows from investing activities		
Loans to related parties	406,763	(443,583)
Net cash inflows from investing activities	406,763	(443,583)
Cash flows from financing activities		
Dividends paid	(2,414,475)	(801,391)
Repayment of loan from holding company	-	(1,538)
Net cash used in financing activities	(2,414,475)	(802,929)
Net change in cash and cash equivalents	-	(5)
Cash and cash equivalents at beginning of the year	-	5
Cash and cash equivalents at end of the year	-	-

The notes on pages 13 to 30 form part of these financial statements.

Anglo American International Limited

Notes to the financial statements

for the year ended 31 December 2019

1. General information

The Company was incorporated as a private limited company on 24 September 1992 and was granted a Category 2 Global Business Licence on 30 December 2016. The principal activity of the Company is that of investment holding in the mining sector.

2. Basis of preparation

(a) *Statement of compliance*

The Company has subsidiaries and in accordance with International Financial Reporting Standards (IFRS) is required to present consolidated financial statements. In accordance with the Fourteenth Schedule of the Mauritius Companies Act Section 12, the Company may not prepare group financial statements as it is a wholly owned subsidiary of another company and, in accordance with Section 211 (content and form of financial statements) of the Mauritius Companies Act, these financial statements present the financial position, financial performance and cash flow of the Company. The basis of preparation of these financial statements complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) *Basis of measurement*

The financial statements have been prepared on a historical cost basis, except where stated otherwise.

(c) *Functional and presentation currency*

The financial statements are presented in United States Dollars (USD) which is the Company's functional currency. All amounts have been rounded to the nearest USD unless otherwise stated.

(d) *Going Concern*

The Company's ability to operate as a going concern is assessed in conjunction with Anglo American plc and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. Anglo American Services (UK) Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of Anglo American plc.

The directors of the Company therefore feel that the Company will have sufficient funds, taking account of possible changes in trading performance (including specifically the potential impact of COVID-19 on the cash flows of the Company, Anglo American Services (UK) Ltd and Anglo American plc) and amounts owed by other Group companies, to conclude that the Company can adopt the going concern basis for the foreseeable future.

Notes to the financial statements
for the year ended 31 December 2019

2. Basis of preparation (continued)

(e) Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ending 31 December 2019 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.
- Recognition and measurement of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Anglo American International Limited

Notes to the financial statements

for the year ended 31 December 2019

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).

(c) Taxation

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also include any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

3. Significant accounting policies (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(d) Fixed asset investments

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Fixed asset investments are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

(e) Financial instruments

The Company classifies non-derivative financial assets into the following categories: loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Loans and receivables comprise cash and cash equivalents.

(ii) Non-derivative financial assets – Measurement (continued)

Cash and cash equivalents - Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non derivative financial liabilities comprise of loan from holding company and other payables, which are classified under the other financial liabilities category.

Loan from holding company

Loan from holding company is recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

Other payables

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

3. Significant accounting policies (continued)

(f) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

Impairment of financial assets – carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised profit or loss.

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

3. Significant accounting policies (continued)

(g) Impairment (continued)

(i) Non-derivative financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised profit or loss.

(h) Expenses

All expenses are recognised in the statement of profit and loss and comprehensive income on an accrual basis.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are recognised by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the financial statements
for the year ended 31 December 2019

4. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair value

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019	Loans and receivables \$000	Other financial liabilities \$000	Total \$000
Financial assets not measured at fair value			
Loan to holding company	36,821	-	36,821
	-----	-----	-----
31 December 2018	Loans and receivables USD	Other financial liabilities USD	Total USD
Financial assets not measured at fair value			
Loan from holding company	443,583	-	443,583
	-----	-----	-----

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include cash and cash equivalents, loan from holding company and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practice.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

4. Financial instruments – Fair values and risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Company's income or the fair value of its holdings of financial instruments.

Interest rate risk

The Company is not significantly exposed to interest rate risk. The income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The Company is not exposed to commodity price risk.

Currency risk

All of the Company's financial liabilities are denominated in United States Dollar. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from the Company's cash and cash equivalents.

The Company also limits its exposure to credit risk by dealing only with counterparties that have a good credit rating and management does not expect the counter party to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	Carrying amount	
	2019	2018
	\$000	\$000
Cash and cash equivalents	-	-

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

4. Financial instruments – Fair values and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation. The holding company shall provide the Company with the financial support in case of liquidity problems.

The following are the Company's contractual maturities of financial liabilities:

	Within one year \$000	One to five years \$000	Total \$000
31 December 2019			
Financial liabilities			
Loan from holding company	-	-	-
	-----	-----	-----
Total financial liabilities	-	-	-
	=====	=====	=====
	Within one year \$000	One to five year \$000	Total \$000
31 December 2018			
Financial liabilities			
Loan from holding company	-	-	-
	-----	-----	-----
Total financial liabilities	-	-	-
	=====	=====	=====

5. Revenue

	2019 \$000	2018 \$000
Dividend revenue	2,101,809	1,281,407
	=====	=====

6. Operating profit

The audit fee payable to the Company's auditor for the audit of the Company's financial statements, of \$14,963 (2018 - \$15,282) has been borne by Anglo American Services (UK) Ltd in both the current and preceding years.

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - \$NIL).

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

8. Exceptional expense

	2019 \$000	2018 \$000
Impairment	(355,222)	(456,148)
Release of provision	200	-
	<u>(355,022)</u>	<u>(456,148)</u>

After a review of the net asset value of the Company's investments as at 31 December 2019, the Company has recognised impairment charges of USD NIL (2018: USD 437,837,997) on its investment in Anglo American (London) 2 and USD 355,222,013 (2018: USD 18,310,337) on its investment in Anglo American 2005 Limited. During 2019 a provision of USD 200,000 was released in respect of claims under the tax deed of covenant in relation to the Company's former investment in Tarmac Deutschland GmbH. Further details are disclosed in note 17.

9. Interest income

	2019 \$000	2018 \$000
Interest receivable on loans to group undertakings	8,271	7,280
	<u>8,271</u>	<u>7,280</u>

10. Interest expense

	2019 \$000	2018 \$000
Interest payable on loans from group undertakings	-	-
Foreign exchange losses	15,462	-
	<u>15,462</u>	<u>-</u>

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

11. Taxation

The UK rate of corporation tax has been presented within the rate reconciliation below as the most applicable rate due to the Company being UK resident for tax purposes in January 2017, becoming subject to Corporation tax in the UK since that date.

	2019 \$000	2018 \$000
<i>Current tax expense</i>		
Withholding taxes	86,904	42,178
Other taxes	-	-
	<hr/>	<hr/>
Total tax charge for the year	86,904	42,178
	<hr/>	<hr/>

Tax reconciliation:

The total tax charge assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 \$000	2018 \$000
Profit before taxation	1,739,594	832,537
	<hr/>	<hr/>
Profit multiplied by standard rate of corporation tax of 19% (2018: 19%)	330,523	158,182
Effects of:		
Income not subject to tax	(399,344)	(243,467)
Impairment not deductible for tax purposes	67,454	86,668
Group relief received for nil consideration	1,367	(1,383)
Withholding tax on dividend income	86,904	42,178
	<hr/>	<hr/>
Total tax charge for the year	86,904	42,178
	<hr/>	<hr/>

The Company does not have any tax losses or deductible temporary differences and thus it does not recognise any deferred tax asset at 31 December 2019 (2018: USD NIL).

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

11. Taxation (continued)

Factors that may affect future tax charges

On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. Deferred tax has therefore been recognised at the 17% rate where appropriate.

On 17th March 2020, a Budget resolution was passed which substantively enacted an increase in the rate of UK corporation tax to 19% from 1 April 2020.

12. Fixed asset investments

	Investments in subsidiary companies \$000	Investments in participating interests \$000	Total \$000
<i>Cost</i>			
At 1 January 2019	15,293,793	492,704	15,786,497
At 31 December 2019	15,293,793	492,704	15,786,497
<i>Provision for diminution in value of investment</i>			
At 1 January 2019	(437,838)	(137,482)	(575,320)
Impairment charge	-	(355,222)	(355,222)
At 31 December 2019	(437,838)	(492,704)	(930,542)
Valuation at 31 December 2019	14,855,955	-	14,855,955
<i>Valuation at 31 December 2018</i>	<i>14,855,955</i>	<i>355,223</i>	<i>15,211,178</i>

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

12. Fixed asset investments (continued)

Subsidiary undertakings

<i>Name of company</i>	<i>Address</i>	<i>Class of shares</i>	<i>Number of shares</i>	<i>% held</i>	<i>Country of Incorporation</i>
Anglo American South Africa Limited	44 Main Street Johannesburg 2001	Ordinary	261,751,844	100	South Africa
Anglo American (London) 2	20 Carlton House Terrace London SW1Y 5AN United Kingdom	Ordinary	4,907	100	United Kingdom

Participating interests

<i>Name of company</i>	<i>Address</i>	<i>Class of shares</i>	<i>Number of shares</i>	<i>% held</i>	<i>Country of Incorporation</i>
Anglo American 2005 Limited	20 Carlton House Terrace London SW1Y 5AN United Kingdom	Ordinary	2,504	9.39	United Kingdom

During the year, Anglo American 2005 Limited entered into liquidation.

After a review of the net asset value of the Company's investments as at 31 December 2019, the Company has recognised impairment charges of USD NIL (2018: USD 437,837,997) on its investment in Anglo American (London) 2 and USD 355,222,013 (2018: USD 18,310,337) on its investment in Anglo American 2005 Limited.

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

13. Debtors

	2019 \$000	2018 \$000
Amounts owed by group undertakings	36,821	443,583
	<u>36,821</u>	<u>443,583</u>

The Company has a facility agreement with Anglo American Capital plc, an affiliated undertaking. The balance bears interest at a market related rate and the amounts owed are repayable on demand.

14. Share capital

	2019 \$	2018 \$
<i>Issued and fully paid</i>		
1,000 Class A ordinary shares at a par value of USD 0.10 each	100	100
43,074,164 repurchaseable Class A ordinary shares at a par value of USD 0.10 each	4,307,416	4,307,416
40,000 Class B ordinary shares at a par value of USD 0.10 each	4,000	4,000
Balance at 31 December	<u>4,311,516</u>	<u>4,311,516</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and have rights to vote at shareholder meetings of the Company.

15. Share premium

	2019 \$000	2018 \$000
Balance at 1 January and 31 December	<u>10,397,807</u>	<u>10,397,807</u>

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

16. Non-subordinated debt

	2019 \$000	2018 \$000
Balance at 1 January	-	1,538
Repayments during the year	-	(1,538)
	<u>-----</u>	<u>-----</u>
Balance at 31 December	-	-
	<u>=====</u>	<u>=====</u>

17. Provisions

In 2013 the Company received notification of claims under the tax deed of covenant in relation to its former investment in Tarmac Deutschland GmbH which was sold by the Company in 2010. An initial provision of USD 650,000 was raised in 2013 and utilised against subsequent claims. During 2019 confirmation was received that there were no outstanding claims under the tax deed and the remaining provision of USD 200,000 was released.

18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control.

As at year end, the Company had the following balance with its related party.

		2019 \$000	2018 \$000
<i>Transactions during the year:</i>	<i>Nature</i>		
Anglo American Capital Plc	Amount received/(paid)	<u>8,271</u>	<u>7,280</u>
<i>Balance outstanding at 31 December:</i>			
Anglo American Capital Plc	Loan receivable	<u>36,821</u>	<u>443,583</u>

Anglo American International Limited

Notes to the financial statements for the year ended 31 December 2019

18. Related party transactions (continued)

Note: Compensation to key management personnel

The Company did not pay any compensation to its key management personnel during the year (2018: USD NIL).

19. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt. The group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

20. Going concern

The Company incurred profit of USD 1,652,690,325 for the year ended 31 December 2019 (2018: USD 790,358,628) and as of that date, the Company's total assets exceeded its total liabilities by USD 14,892,776,000 (2018: USD 15,654,761,000). An affiliated company confirmed its willingness to provide financial support to the Company to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

Further details regarding the adoption of the going concern basis can be found in Note 2(d) of the financial statements.

21. Holding and ultimate holding company

The immediate parent company is Anglo American Overseas Limited, which is registered in Jersey.

The Company forms part of the Anglo American Group ("the Group"). The Company's ultimate parent company is Anglo American plc, a public limited company registered in England and Wales (registered number 3564138). The consolidated accounts of Anglo American Plc may be obtained from the company secretary of Anglo American Plc, 20 Carlton House Terrace, London SW1Y 5AN, United Kingdom.

Anglo American International Limited

Notes to the financial statements *for the year ended 31 December 2019*

22. Post balance sheet events

On 14 January 2020, the Company received a dividend of USD 87,426,784 from its subsidiary Anglo American South Africa Limited.

On 25 March 2020, the Company received a dividend of USD 129,141,521 from its subsidiary Anglo American South Africa Limited.

Following the end of 2019 the novel coronavirus (COVID- 19) has been declared a pandemic by the World Health Organisation. The emergence of COVID- 19 is considered a non-adjusting post balance sheet event as defined in *IAS 10 Events after the reporting period* since it represents a set of conditions which only arose after the balance sheet date. The impact of COVID-19 on the world economy and the Company's future financial performance remains uncertain. Depending on the extent and severity of the pandemic, there may be a material impact on the Company's accounting estimates in future periods.

The directors have reviewed the Company's expected future cashflows and available sources of liquidity and concluded that it remains appropriate to adopt the going concern basis of accounting as disclosed in note 1 for these financial statements.

Anglo American International Limited

Detailed unaudited income statement for the year ended 31 December 2019

	2019 \$000	2018 \$000
Revenue		
Dividends received from fixed asset investments	2,101,809	1,281,407
Interest income	8,271	7,280
	<u>2,110,080</u>	<u>1,288,687</u>
Expenses		
Sundries	2	2
Impairment charge	355,022	456,148
Foreign exchange expense	15,462	-
	<u>370,486</u>	<u>456,150</u>
Profit before taxation	<u><u>1,739,594</u></u>	<u><u>832,537</u></u>

The supplementary information presented does not form part of the financial statements and is unaudited.