

# Financial information



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## Part VI Financial information – Accountants’ Report on Xstrata plc



The Directors  
Xstrata plc  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

J.P. Morgan plc  
125 London Wall  
London EC2Y 5AJ

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

20 March 2002

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Dear Sirs

### XSTRATA PLC (“XSTRATA” OR THE “COMPANY”)

#### 1. Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the listing particulars dated 20 March 2002 of the Company (the “Listing Particulars”).

The Company was incorporated on 31 December 2001 as a private limited company with the name Glassdesk Limited. On 18 February 2002, its name was changed to Xstrata Limited. On 20 February 2002, the Company was re-registered as a public limited company with the name Xstrata plc.

On 20 February 2002, Xstrata entered into a Merger Agreement with Xstrata AG, the holding company of the Xstrata AG group. Pursuant to this Merger Agreement Xstrata AG agreed to transfer its entire undertaking, including all of its assets, to Xstrata in consideration for which Xstrata will issue shares to the shareholders of Xstrata AG in proportion to their respective holdings of shares in Xstrata AG. In addition, Xstrata will assume all of Xstrata AG’s liabilities. Xstrata AG is a Swiss registered company and is currently listed on the SWX Swiss Exchange.

#### Basis of preparation

The financial information set out on pages 118 to 120 is based on the audited non-statutory accounts of the Company for the period from incorporation to 31 December 2001 to which no adjustments were considered necessary. The Company did not trade during this period.

#### Responsibility

The audited non-statutory accounts of the Company referred to above are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Listing Particulars in which this report is included.

It is our responsibility to compile the financial information set out in our report from the non-statutory accounts, to form an opinion on the financial information and to report our opinion to you.

#### Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the non-statutory accounts underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to Xstrata’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

#### Opinion

In our opinion, the financial information gives, for the purposes of the Listing Particulars, a true and fair view of the state of affairs of Xstrata as at the date stated and of its cash flows for the period then ended. 6.A.5

## Part VI Financial information – Accountants’ Report on Xstrata plc

### 1. Balance Sheet

	<u>At 31 December</u> 2001 US\$
<b>CURRENT ASSETS</b>	
Cash and short term deposits	1
<b>NET ASSETS</b>	<b>1</b>
<b>CAPITAL AND RESERVES</b>	
Called up share capital	1
	<b>1</b>

## Part VI Financial information – Accountants’ Report on Xstrata plc

### 2. Statement of Cash Flows

	<u>Period ended 31 December</u> 2001 US\$
<b>FINANCING</b>	
Issue of shares	1
<b>INCREASE IN CASH</b>	<b>1</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>	
	<u>Period ended 31 December</u> 2001 US\$
(Decrease) / increase in cash	1
<b>MOVEMENT IN NET DEBT</b>	<b>1</b>
<b>NET DEBT AT 1 JANUARY</b>	<b>–</b>
<b>NET DEBT AT 31 DECEMBER</b>	<b>1</b>

## Part VI Financial information – Accountants’ Report on Xstrata plc

### 3. Notes to the Financial Information

#### 1. Accounting Policies

##### Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

#### 2. Share Capital

The authorised share capital of the Company as at 31 December 2001 was £1,000 divided into 1,000 ordinary shares of £1.

On incorporation the Company issued one ordinary share of £1 for cash.

#### 3. Reserves

	Share capital £
Balance at start of period	–
Issued share capital at incorporation	1
<b>At 31 December 2001</b>	<b>1</b>

No material contracts or transactions have been entered into save for those detailed in note 4 below. Xstrata has not yet traded and has made neither profit or loss nor any other recognised gain or loss in the current or preceding period, and no dividends have been declared or paid.

#### 4. Subsequent Events

On 20 February 2002, Xstrata entered into the Merger Agreement described above. On 21 February 2002, Xstrata plc, Xstrata (Schweiz) AG and Xstrata South Africa (Proprietary) Limited (the “Purchasers”), Xstrata AG and Glencore International AG, Duiker Coal Investments Limited, Duffield Trading Limited, Glencore Finance (Bermuda) Limited and Stychus Invest AG (the “Vendors”) entered into the Acquisition agreement to purchase the entire issued share capital of each of Glencore Overseas AG (of which Enx Resources Limited is a wholly owned subsidiary), Duiker Marketing AG and Duiker Mining (Proprietary) Limited (the “Coal Assets”) for cash and Ordinary Shares in Xstrata plc with an aggregate value of US\$2,067,910,000 (which includes an agreed amount relating to working capital of US\$73,000,000), in addition to which Xstrata plc has agreed to assume net indebtedness of Glencore Overseas AG, Duiker Mining (Proprietary) Limited and Duiker Marketing AG and each of their subsidiaries and subsidiary undertakings and where the context requires their associated undertakings and procure the repayment of shareholder loans to Glencore International AG, resulting in a total value of US\$2,573,000,000. Completion of the Acquisitions is subject to a number of conditions including Admission of the shares of Xstrata plc to the Official List of the UK Listing Authority.

The acquisition agreement is subject to a number of conditions, including regulatory and third party consents.

On 9 February 2002, Xstrata issued one ordinary share of £1 for a cash consideration of £1. On 19 February 2002, Xstrata issued 49,998 ordinary shares of £1 each paid up as to a quarter of the nominal value for a total consideration of £12,499.50. On 19 March 2002, the 50,000 issued ordinary shares of £1 each were redesignated as 50,000 deferred shares of £1 each, and the authorised share capital was increased to US\$175,000,000.50 and £50,000 by the creation of 350,000,000 ordinary shares of US\$0.50 each and one special voting share of US\$0.50.

Yours faithfully



Ernst & Young LLP

# Part VI Financial information – Accountants’ Report on the Xstrata AG Group



The Directors  
Xstrata plc  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

J.P. Morgan plc  
125 London Wall  
London EC2Y 5AJ

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

20 March 2002

Dear Sirs

## **XSTRATA AG AND ITS SUBSIDIARIES AND ASSOCIATES (THE “XSTRATA AG GROUP”)**

### **1. Introduction**

We report on the financial information set out below. This financial information has been prepared for inclusion in the listing particulars dated 20 March 2002 (the “Listing Particulars”) of Xstrata plc (“Xstrata”).

### **Basis of preparation**

The financial information set out on pages 122 to 155 is based on the audited consolidated financial statements of the Xstrata AG Group for the three years ended 31 December 2001, and has been prepared on the basis set out on page 126, after making such adjustments as considered necessary. The Xstrata AG Group prepares its consolidated financial statements in accordance with standards issued by the International Accounting Standards Board. Adjustments have been made to present the financial information in accordance with Generally Accepted Accounting Practice in the United Kingdom (“UK GAAP”).

### **Responsibility**

Such financial statements are the responsibility of the directors of Xstrata AG who approved their issue.

The directors of Xstrata are responsible for the contents of the Listing Particulars in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Xstrata AG Group’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Listing Particulars, a true and fair view of the state of affairs of the Xstrata AG Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended. <sup>6.A.5</sup>

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 2. Consolidated Profit and Loss Accounts

	Notes	Year ended 31 December		
		1999 US\$000	2000 US\$000	2001 US\$000
<b>TURNOVER</b>				
Continuing operations		520,086	544,440	346,969
Acquisitions		–	–	266,634
Discontinued operations		520,086 141,929	544,440 53,431	613,603 –
Group turnover		662,015	597,871	613,603
Net operating costs	6.3	(566,836)	(467,308)	(521,157)
<b>OPERATING PROFIT</b>	6.4	95,179	130,563	92,446
Continuing operations				
ongoing		94,666	131,350	47,649
acquisitions		–	–	44,797
Discontinued operations		94,666 513	131,350 (787)	92,446 –
<b>TOTAL OPERATING PROFIT</b>		95,179	130,563	92,446
Continuing operations:				
(Loss)/profit on disposal of tangible fixed assets		(3,460)	(50)	466
Impairment of vanadium assets		–	–	(45,500)
Discontinued operations:				
Profit/(loss) on sale of operations		–	57,854	(1,954)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		91,719	188,367	45,458
Bank interest receivable and similar income		2,831	2,570	2,136
Interest payable and similar charges	6.7	(17,406)	(14,068)	(23,690)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		77,144	176,869	23,904
Tax on profit on ordinary activities	6.8	6,631	(21,614)	(10,635)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		83,775	155,255	13,269
Minority interests: Equity		269	–	(2,016)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>		84,044	155,255	11,253
<b>Earnings per share – basic and diluted</b>	6.9	US\$14.52	US\$26.91	US\$1.95

#### NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between the reported profit and the historical cost profit for any of the years 1999, 2000 and 2001.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 3. Statement of Total Recognised Gains and Losses

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Profit for the financial year attributable to members of the parent company	84,044	155,255	11,253
Exchange difference on retranslation of net assets of subsidiary undertakings	(18,256)	(110,345)	(146,467)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>65,788</b>	<b>44,910</b>	<b>(135,214)</b>

### Reconciliation of Shareholders’ Funds

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Total recognised gains and losses	65,788	44,910	(135,214)
Shareholders’ funds at 1 January	563,638	629,426	674,336
<b>Shareholders’ funds at 31 December</b>	<b>629,426</b>	<b>674,336</b>	<b>539,122</b>

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 4. Consolidated Balance Sheets

	Notes	At 31 December 1999		At 31 December 2000		At 31 December 2001	
		US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>FIXED ASSETS</b>							
Intangible assets	6.11	2,360		5,365		125,160	
Tangible assets	6.10	806,293		604,236		771,680	
Own shares	6.12	21,026		23,513		22,941	
Other long-term assets	6.13	18,161		4,924		13,082	
			847,840		638,038		932,863
<b>CURRENT ASSETS</b>							
Stocks	6.15	114,575		114,837		144,768	
Debtors	6.16	156,113		133,174		188,170	
Cash and short-term deposits	6.17	7,786		44,736		45,866	
			278,474		292,747		378,804
<b>CREDITORS: amounts falling due within one year</b>	6.18	(177,741)		(116,876)		(221,726)	
<b>NET CURRENT ASSETS</b>			100,733		175,871		157,078
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			948,573		813,909		1,089,941
<b>CREDITORS: amounts falling due after more than one year</b>	6.19		(195,883)		(34,502)		(421,990)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	6.22		(123,221)		(105,030)		(126,835)
			629,469		674,377		541,116
<b>MINORITY INTERESTS: Equity</b>			(43)		(41)		(1,994)
			629,426		674,336		539,122
<b>CAPITAL AND RESERVES</b>							
Called up share capital	6.23		41,569		41,569		41,569
Share premium	6.24		267,365		267,365		267,365
Other reserves	6.24		26,454		26,517		26,517
Profit and loss account	6.24		294,038		338,885		203,671
			629,426		674,336		539,122

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 5. Statement of Consolidated Cash Flows

	Notes	Year ended 31 December		
		1999 US\$000	2000 US\$000	2001 US\$000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	6.25(a)	113,203	173,040	158,429
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		2,805	2,550	2,136
Interest paid		(17,406)	(15,710)	(22,441)
		(14,601)	(13,160)	(20,305)
<b>TAXATION</b>				
Tax paid		(17,786)	(1,300)	(11,802)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Net payments to acquire tangible fixed assets		(105,771)	(56,132)	(134,212)
Disposal of own shares		–	12,944	982
Acquisition of own shares		(16,967)	(11,515)	(1,554)
		(122,738)	(54,703)	(134,784)
<b>ACQUISITIONS AND DISPOSALS</b>				
Disposal of operations		–	213,036	67,281
Purchase of operations		(3,993)	(4,185)	(453,583)
Cash acquired with operations		–	–	18,006
Net cash disposed of with operations		–	(1,031)	(880)
		(3,993)	207,820	(369,176)
<b>MANAGEMENT OF LIQUID RESOURCES</b>				
Decrease/(increase) in short-term deposits	6.25(b)	10,188	(35,304)	7,854
(Decrease)/increase in current borrowings	6.25(b)	(11,733)	–	78,994
		(1,545)	(35,304)	86,848
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(47,460)	276,393	(290,790)
<b>FINANCING</b>				
New long-term loans	6.25(b)	33,034	–	307,967
Repayment of long-term loans	6.25(b)	(6,664)	(216,880)	–
		26,370	(216,880)	307,967
<b>(DECREASE)/INCREASE IN CASH</b>	6.25(b)	(21,090)	59,513	17,177

### Reconciliation of Net Cash Flow to Movement in Net Debt

	Notes	Year ended 31 December		
		1999 US\$000	2000 US\$000	2001 US\$000
(Decrease) / increase in cash		(21,090)	59,513	17,177
Cash (inflow) / outflow from increase in loans		(14,636)	216,880	(386,961)
Cash (inflow) / outflow from short-term deposits		(10,188)	35,304	(7,854)
Change in net debt resulting from cash flows		(45,914)	311,697	(377,638)
Exchange differences		2,062	–	21,673
Loans (acquired) / disposed of with operations		–	(54,689)	(101,194)
<b>MOVEMENT IN NET DEBT</b>		(43,852)	257,008	(457,159)
<b>NET (DEBT)/CASH AT 1 JANUARY</b>	6.25(b)	(212,464)	(256,316)	692
<b>NET (DEBT)/CASH AT 31 DECEMBER</b>	6.25(b)	(256,316)	692	(456,467)

# Part VI Financial information – Accountants’ Report on the Xstrata AG Group

## 6. Notes to the Consolidated Financial Information

### 1. Accounting Policies

#### Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards including early adoption of Financial Reporting Standard 19; Deferred Taxation. The financial information is based upon the consolidated financial statements of Xstrata AG. The Xstrata AG Group has adopted the following principal accounting policies:

#### Translation of financial statements

The accounts of the subsidiaries have been translated from the local functional currencies into US dollars by converting the profit and loss account at the average rate for the reporting period and the balance sheet at the rate on the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. The exchange rates applied are set out below.

#### Basis of consolidation

The financial information consolidates the accounts of Xstrata AG and all its subsidiary undertakings (“subsidiaries”) for the three years ended 31 December 2001.

Asturiana de Zinc, S.A. (“Asturiana”) has been included in the financial information using the acquisition method of accounting. Accordingly, the consolidated profit and loss account and statement of cash flows include the results and cash flows of Asturiana for the eight month period from its acquisition on 3 May 2001. The purchase consideration has been allocated to assets and liabilities on the basis of fair values at the date of acquisition.

The consolidated profit and loss account and statement of cash flows for 2001 do not include Xstrata AG’s share of the results and cash flows in Xstrata Coal Pty Limited (a company operating the United Coal Mine) as it was sold in 2001.

Entities, other than subsidiary undertakings or joint ventures, in which the Xstrata AG Group has a participating interest and over whose operating and financial policies the Xstrata AG Group exercises a significant influence are treated as associates. In the Xstrata AG Group accounts, associates are accounted for using the equity method.

The Xstrata AG Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The financial information includes the Xstrata AG Group’s share of the assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Xstrata AG Group’s interest in the joint arrangement.

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of transaction or, where forward cover contracts have been arranged, at contractual rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates, or at a contractual rate if applicable.

Gains and losses on hedging transactions intended to hedge specific sales of goods are included in the measurement of the sale in the same period in which the revenues or costs from the hedged transaction are recorded.

On consolidation, profit and loss account items are translated at average rates of exchange. Balance sheet items are translated at year end exchange rates.

Exchange differences on the translation of the net assets of overseas companies, less offsetting exchange differences on foreign currency borrowings financing those net assets, are dealt with through reserves. All other exchange differences are charged or credited to the profit and loss account in the year in which they arise.

The following exchange rates have been applied:

Currency rates (US\$1)	31 Dec 1999	Average 1999	31 Dec 2000	Average 2000	31 Dec 2001	Average 2001
Swiss francs (CHF)	1.5985	1.5034	1.6199	1.6901	1.6749	1.6884
Argentinian pesos (ARS)	1.0000	1.0000	1.0000	1.0000	N/A	N/A
Chilean pesos (CLP)	530.07	512.85	573.65	542.08	654.79	637.57
South African Rand (ZAR)	6.1558	6.1139	7.5550	6.9387	12.0900	8.6249
Australian dollars (A\$)	1.5310	1.5498	1.7974	1.7255	1.9556	1.9352
Euro (€)	N/A	N/A	1.0658	1.0860	1.1301	1.1178

#### Turnover

Revenue is recognised when all significant risks and rewards of ownership of the asset sold are transferred. Sales revenue represents gross proceeds receivable from the customer.

#### Cost of sales

Cost of sales represents material cost, determined by means of either the weighted average or first in first out (FIFO) method, and by applying full absorption costing of manufacturing overheads, plus any other costs directly attributable to the acquisition of materials.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the identifiable net assets acquired, and is capitalised as an asset in the balance sheet. Goodwill is amortised over its estimated useful economic life on a straight-line basis up to a maximum of 20 years.

### Investments

Investments, other than investments in subsidiaries and associates, are measured at cost less accumulated impairment losses.

### Other financial assets

Other financial assets originated by the Xstrata AG Group are stated at cost less a provision for doubtful debts.

### Tangible fixed assets

#### Capital work in progress

Assets in the course of construction are capitalised in the capital work in progress account. On completion, the cost of construction is transferred to the appropriate category of tangible fixed assets.

The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Costs associated with a start up period are capitalised where the asset is available for use but incapable of operating at normal levels without a commissioning period.

Interest payable on borrowings related to construction or development projects is capitalised until the point when substantially all the activities that are necessary to make the asset ready for use are complete.

#### Plantations

Plantations are recorded at cost. Development costs, interest and financing costs relating to the development of the plantations are deferred and amortised upon commencement of commercial production, on a unit of production basis.

#### Mineral properties and mine development expenditure

Costs of acquiring mineral properties are capitalised on the balance sheet in the year in which they are incurred. Capitalised costs (development expenditure) include interest and financing costs relating to the construction of plant and equipment and costs associated with a start up period where the asset is available for use but incapable of operating at normal levels without a commissioning period. Interest and financing costs are capitalised only for those projects for which funds have been borrowed.

Mineral properties and capitalised costs are, upon commencement of production, amortised using the unit of production method based on the estimated life of the ore body to which they relate or are written-off if the property is abandoned.

#### Land and plant

Items of property, plant and equipment are stated at cost less accumulated depreciation. Freehold land is not depreciated.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows:

Plant and equipment	20-30 years
Buildings	15-25 years
Furniture and fixtures	10-15 years
Other	3-5 years

#### Impairment

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on income generating units (“IGU”).

If the carrying amount of a fixed asset exceeds the recoverable amount, a provision is recorded to reflect the asset at the lower amount. In assessing recoverable amount for property, plant and equipment and investments, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal have been discounted to their present value using a market-determined, risk-adjusted discount rate.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Stock is categorised, as follows:

- Raw materials and consumables: Materials, goods or supplies (including energy sources) to be either directly or indirectly consumed in the production process.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

- Work in progress: Items stored in an intermediate state that have not yet passed through all stages of production.
- Finished goods: Products and materials that have passed all stages of the production process.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### Provisions for liabilities and charges

Provisions are recognised when the Xstrata AG Group has a present obligation, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle such an obligation.

### *Environmental protection, rehabilitation and closure costs*

Provision is made for close down, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs, based on the estimated future costs. The provision is discounted where material and the unwinding of the discount is shown as a finance cost in the profit and loss account. At the time of establishing the provision, a corresponding asset is capitalised and depreciated over future production from the mine to which it relates.

The provision is reviewed on an annual basis for changes in cost estimates or lives of operations.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- where fixed assets have been revalued, provision is made for deferred tax only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Xstrata AG Group, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

### Pensions and other post-retirement obligations

The Xstrata AG Group operates a number of pension plans, the assets of which are (where funded) generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Xstrata AG Group companies, taking account of the recommendation of independent qualified actuaries. The Xstrata AG Group’s contributions to its defined contribution pension plans are charged to the profit and loss account in the year to which they relate. For its defined benefit plans the estimated cost of providing post-retirement benefits is charged against profits on a systematic basis over the working lives of employees.

### Derivative instruments

The Xstrata AG Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The Xstrata AG Group considers that its derivative instruments qualify for hedge accounting when certain criteria are met.

The criteria for forward foreign currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the operations.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable, future transaction, are deferred until the transaction occurs.

The Xstrata AG Group uses zinc futures to reduce the effect of market price fluctuations on the sale of zinc. The futures are matched to purchases on acquisition of the zinc concentrate, and typically expire in 3 to 4 months. Gains and losses on the futures are recognised in the same period as the sale of the zinc occurs.

### Own shares

Investment in own shares, which are used to hedge exposure under options granted to employees, are included at cost less any permanent diminution in value.

### Share options

Xstrata AG has a share option plan under which it grants options to purchase its shares to directors, eligible officers and key employees of the Xstrata AG Group. In accordance with Urgent Issues Task Force Abstract Number 17 (UITF 17), the difference, if any, between the fair value of shares and the exercise price of share options, on grant of a share option is charged to the profit and loss account spread over the performance period, if any, or if not over the period until the employees become unconditionally entitled to the shares.

Xstrata AG purchases from time to time its shares to hedge its exposure under the options granted. As shares are purchased, the amount of consideration paid is recognised as a fixed asset.

### Capital instruments

Shares are included in shareholders’ funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefit and, if not, they are not included in shareholders’ funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying value.

## 2. Turnover and Segmental Analysis

Turnover represents the amounts derived from the provision of commodities which fall within the Xstrata AG Group’s ordinary activities, stated net of applicable sales taxes.

The Xstrata AG Group operates in two principal areas of activity, that of mining and extraction of metals and minerals, and forestry. Operations discontinued during the period under review were in the coal, oil and gas and aluminium industries.

The Xstrata AG Group’s operations are located within four distinct geographical markets, the Americas, Africa, Europe and Australasia.

The discontinued operations are Xstrata Coal Pty Limited and Winarch Pty Limited, sold to Enx Coal Pty Ltd on 1 January 2001, Süddelektra Argentina SA, sold to Perez Companco SA as of 1 January 2000, and Xstrata Aluminum Corporation, sold to Century Aluminum, Inc. Corporation as of 1 April 2000.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Turnover, group profit on ordinary activities before tax and net assets are analysed by area of activity as follows:

Year ended 31 December 2001

	Metals and minerals				Forestry	Total US\$000
	Ferrochrome US\$000	Vanadium US\$000	Zinc US\$000	Magnesium US\$000	Pulpwood US\$000	
<b>TURNOVER</b>						
Continuing operations	257,659	63,498	266,634	25	25,787	613,603
Turnover of the following acquisitions are included in the above:						
Asturiana	–	–	266,634	–	–	266,634
<b>PROFIT</b>						
Continuing operations	59,318	3,140	44,798	(5,040)	561	102,777
Common costs and income						(10,331)
Operating profit						92,446
Unallocated non-operating exceptional items						(1,488)
Impairment of vanadium assets	–	(45,500)	–	–	–	(45,500)
Net interest and income from investments						(21,554)
Profit on ordinary activities before taxation						23,904
Operating profit of the following acquisitions are included in the above:						
Asturiana	–	–	44,798	–	–	44,798
<b>NET ASSETS</b>						
Continuing operations	187,990	106,642	548,009	25,344	21,782	889,767
Unallocated net assets						(348,651)
Minority interest						541,116
<b>Total net assets</b>						(1,994)
Net assets of the following acquisitions are included in the above:						
Asturiana	–	–	548,009	–	–	548,009

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Year ended 31 December 2000

	Metals and minerals				Energy		Forestry	Total
	Ferrochrome US\$000	Vanadium US\$000	Aluminium US\$000	Magnesium US\$000	Oil & gas US\$000	Coal US\$000	Pulpwood US\$000	US\$000
<b>TURNOVER</b>								
Continuing operations	419,334	68,474	-	-	-	-	56,632	544,440
Discontinued operations	-	-	18,081	-	-	35,350	-	53,431
	<b>419,334</b>	<b>68,474</b>	<b>18,081</b>	<b>-</b>	<b>-</b>	<b>35,350</b>	<b>56,632</b>	<b>597,871</b>
<b>PROFIT</b>								
Continuing operations	114,944	20,561	-	-	-	-	2,373	137,878
Discontinued operations	-	-	1,036	-	-	(3,608)	-	(2,572)
	114,944	20,561	1,036	-	-	(3,608)	2,373	135,306
Common costs and income								(4,743)
Operating profit								130,563
Unallocated non-operating exceptional items								57,804
Net interest and income from investments								(11,498)
Profit on ordinary activities before taxation								176,869
<b>NET ASSETS</b>								
Continuing operations	339,336	205,471	-	3,725	-	-	31,510	580,042
Discontinued operations	-	-	-	-	-	39,862	-	39,862
	339,336	205,471	-	3,725	-	39,862	31,510	619,904
Unallocated net assets								54,473
								674,377
Minority interest								(41)
Total net assets								674,336

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Year ended 31 December 1999

	Metals and minerals				Energy		Forestry	Total
	Ferrochrome US\$000	Vanadium US\$000	Aluminium US\$000	Magnesium US\$000	Oil & gas US\$000	Coal US\$000	Pulpwood US\$000	US\$000
<b>TURNOVER</b>								
Continuing operations	359,003	101,542	–	–	–	–	59,541	520,086
Discontinued operations	–	–	65,946	–	39,650	36,333	–	141,929
	359,003	101,542	65,946	–	39,650	36,333	59,541	662,015
<b>PROFIT</b>								
Continuing operations	50,907	45,344	–	–	–	–	4,218	100,469
Discontinued operations	–	–	(3,182)	–	8,091	(3,745)	–	1,164
	50,907	45,344	(3,182)	–	8,091	(3,745)	4,218	101,633
Common costs and income								(6,454)
Operating profit								95,179
Unallocated non-operating exceptional items								(3,460)
Net interest and income from investments								(14,575)
Profit on ordinary activities before taxation								77,144
<b>NET ASSETS</b>								
Continuing operations	334,498	185,469	–	–	–	–	30,311	550,278
Discontinued operations	–	–	84,548	–	53,929	49,126	–	187,603
	334,498	185,469	84,548	–	53,929	49,126	30,311	737,881
Unallocated net assets								(108,412)
								629,469
Minority interest								(43)
Total net assets								629,426

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Turnover, group profit on ordinary activities before tax and net assets are analysed by geographical origin, and turnover is further analysed by geographical destination as follows:

Year ended 31 December 2001

	Americas US\$000	Africa US\$000	Europe US\$000	Australasia US\$000	Total US\$000
<b>TURNOVER</b>					
<b>Turnover by origin</b>					
Continuing operations	25,812	310,233	266,634	10,924	613,603
Turnover of the following acquisitions are included in the above:					
Asturiana	–	–	266,634	–	266,634
<b>Turnover by destination</b>					
Continuing operations	41,256	16,592	450,142	105,613	613,603
<b>PROFIT by origin</b>					
Continuing operations	(4,479)	77,923	44,798	(15,465)	102,777
Common costs and income					(10,331)
Operating Profit					92,446
Unallocated non-operating exceptional items					(1,488)
Impairment of vanadium assets	–	–	–	(45,500)	(45,500)
Net interest and income from investments					(21,554)
<b>Profit on ordinary activities before taxation</b>					23,904
Operating profit of the following acquisitions are included in the above:					
Asturiana	–	–	44,798	–	44,798
<b>NET ASSETS by origin</b>					
Continuing operations	47,126	265,471	548,009	29,161	889,767
<b>Unallocated net assets</b>					(348,651)
					541,116
<b>Minority interest</b>					(1,994)
<b>Total net assets</b>					539,122
Net assets of the following acquisitions are included in the above:					
Asturiana	–	–	548,009	–	548,009

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Year ended 31 December 2000

	Americas US\$000	Africa US\$000	Europe US\$000	Australasia US\$000	Total US\$000
<b>TURNOVER</b>					
<b>Turnover by origin</b>					
Continuing operations:	56,632	481,009	–	6,799	544,440
Discontinued operations	18,081	–	–	35,350	53,431
	74,713	481,009	–	42,149	597,871
<b>Turnover by destination</b>					
Continuing operations	118,715	8,535	238,712	178,478	544,440
Discontinued operations	18,081	–	155	35,195	53,431
	136,796	8,535	238,867	213,673	597,871
<b>PROFIT by origin</b>					
Continuing operations	2,373	135,543	–	(38)	137,878
Discontinued operations	1,036	–	–	(3,608)	(2,572)
	3,409	135,543	–	(3,646)	135,306
Common costs and income					(4,743)
Operating Profit					130,563
Profit on disposal of fixed assets					57,804
Net interest and income from investments					(11,498)
<b>Profit on ordinary activities before taxation</b>					<b>176,869</b>
<b>NET ASSETS by origin</b>					
Net assets by segment:					
Continuing operations	35,235	465,107	–	79,700	580,042
Discontinued operations	–	–	–	39,862	39,862
	35,235	465,107	–	119,562	619,904
Unallocated net assets					54,473
Minority interest					(41)
<b>Total net assets</b>					<b>674,336</b>

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Year ended 31 December 1999

	Americas US\$000	Africa US\$000	Europe US\$000	Australasia US\$000	Total US\$000
<b>TURNOVER</b>					
<b>Turnover by origin</b>					
Continuing operations:	59,541	460,545	–	–	520,086
Discontinued operations	105,596	–	–	36,333	141,929
	165,137	460,545	–	36,333	662,015
<b>Turnover by destination</b>					
Continuing operations:	96,903	7,683	197,687	217,813	520,086
Discontinued operations	105,596	–	–	36,333	141,929
	202,499	7,683	197,687	254,146	662,015
<b>PROFIT by origin</b>					
Continuing operations	4,218	96,251	–	–	100,469
Discontinued operations	4,909	–	–	(3,745)	1,164
	9,127	96,251	–	(3,745)	101,633
<b>Common costs and income</b>					<b>(6,454)</b>
Operating profit					95,179
Non operating exceptional items					(3,460)
Net interest and income from investments					(14,575)
<b>Profit on ordinary activities before taxation</b>					<b>77,144</b>
<b>NET ASSETS by origin</b>					
Continuing operations	30,311	457,731	–	62,236	550,278
Discontinued operations	138,477	–	–	49,126	187,603
	168,788	457,731	–	111,362	737,881
<b>Unallocated net assets</b>					<b>(108,412)</b>
					629,469
Minority interest					(43)
<b>Total net assets</b>					<b>629,426</b>

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 3. Net Operating Costs

	Year ended 31 December 1999			Year ended 31 December 2000			Year ended 31 December 2001		
	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000
Cost of sales	313,491	118,749	432,240	298,054	46,912	344,966	437,031	–	437,031
Distribution costs	88,640	14,366	103,006	87,938	6,275	94,213	64,702	–	64,702
Administrative expenses	32,938	8,301	41,239	36,465	2,815	39,280	24,815	–	24,815
Other operating income	(9,649)	–	(9,649)	(9,367)	(1,784)	(11,151)	(5,391)	–	(5,391)
<b>Net Operating Costs</b>	<b>425,420</b>	<b>141,416</b>	<b>566,836</b>	<b>413,090</b>	<b>54,218</b>	<b>467,308</b>	<b>521,157</b>	<b>–</b>	<b>521,157</b>
Gross profit	206,595	23,180	229,775	246,386	6,519	252,905	176,572	–	176,572

### 4. Operating Profit

This is stated after charging/(crediting):

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Auditors’ remuneration – audit services	331	382	450
Depreciation of owned assets and amortisation of intangible assets	40,009	21,658	35,998
Operating lease rentals – land and buildings	393	289	354
– plant and machinery	–	–	221

### 5. Directors’ Emoluments

#### Directors’ remuneration and pension entitlements

##### Emoluments of Directors

	Shares granted 2001 US\$000	Cash 2001 US\$000	Taxable Benefits 2001 US\$000	Pension Contributions 2001 US\$000	Total 2001 US\$000	Total 2000 US\$000	Total 1999 US\$000
	W Strothotte	57	–	4	–	61	183
R Domeniconi	–	–	55	2	57	160	87
D Sauter	–	–	–	–	–	162	88
R MacDonnell	46	–	9	2	57	134	68
P Hazen	46	–	9	2	57	134	–
D Issroff	57	–	4	–	61	183	–
T Schmidheiny	–	–	–	–	–	160	87
F Roux	14	19	22	2	57	134	68
E Sarasin	–	–	–	–	–	–	87
	220	19	103	8	350	1,250	576

##### Share Options of Directors

Members of the board of directors are entitled to certain benefits as provided for by the Directors’ Compensation Scheme under which the annual directors’ fees are a function of the Xstrata AG Group’s net earnings. The directors have to take a minimum of 50% of the fees in shares, stock options in Xstrata AG, or a combination thereof, with the balance in cash. Directors purchased in total 3,625 shares (2000: 3,129; 1999: 1,040).

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

Details of the individual Executive Share Options, held by the directors at 31 December, are as follows.

	1997	1998	Scheme 1999	2000	2001
	Number	Number	Number	Number	Number
W Strothotte	-	-	-	-	-
R Domeniconi	-	1,600	1,315	-	2,404
D Sauter	-	10,015	-	2,558	-
R MacDonnell	-	-	-	-	-
P Hazen	-	-	-	-	-
D Issroff	-	-	-	-	-
T Schmidheiny	1,110	1,600	1,865	1,010	-
F Roux	-	-	-	-	620
E Sarasin	1,110	1,600	1,865	-	-

Options have been granted in accordance with the information above. No options have been cancelled during the period from 1 January 1999 to 31 December 2001. During 2000 R Domeniconi exercised 750 options from the 1997 scheme, generating a gain of CHF 121,800 (US\$ 76,067).

1997: Granted in respect of the year ended 31 December 1997.  
 Exercise Price: CHF 208.80  
 Exercise Period: 5 September 1999 – 4 September 2002

1998: Granted in respect of the year ended 31 December 1998.  
 Exercise Price: CHF 182.08  
 Exercise Period: 17 March 2002 – 31 January 2004

1999: Granted in respect of the year ended 31 December 1999.  
 Exercise Price: CHF 336.85  
 Exercise Period: 1 February 2002 – 31 January 2005

2000: Granted in respect of the year ended 31 December 2000.  
 Exercise Price: CHF 432.45  
 Exercise Period: 1 February 2003 – 31 January 2006

2001: Granted in respect of the year ended 31 December 2001:  
 Exercise Price: CHF 226.55  
 Exercise Period: 1 February 2004 – 31 January 2007

The market price of Xstrata AG’s shares on 31 December 2001 was CHF204.25 per share (2000 – CHF472.00; 1999 – CHF334.00) and the high and low share prices during the year were CHF448.00 and CHF126.00, respectively. Xstrata AG’s average share price over the 10 business days prior to the date of grant of options during 2001 was CHF432.45.

The interests of the directors to subscribe for or acquire ordinary shares have not changed since the year end.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 6. Staff Costs

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Wages and salaries	39,798	62,976	73,633
Social security costs	5,511	5,562	11,789
Other pension costs	122	575	135
Post-retirement benefits other than pensions	151	142	222
	45,582	69,255	85,779

The average monthly number of employees during the year was made up as follows:

	Year ended 31 December 1999	Year ended 31 December 2000	Year ended 31 December 2001
Metals and minerals			
Ferrochrome	2,687	3,116	3,341
Vanadium	634	641	670
Magnesium	–	2	38
Zinc	–	–	1,301
Energy			
Coal	160	147	–
Forestry			
Pulpwood	88	79	13
Other	15	15	14
	3,584	4,000	5,377

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### 7. Interest Payable and Similar Charges

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Bank loans and overdrafts	14,997	13,441	23,067
Other loans	2,409	627	623
	17,406	14,068	23,690

Where funds have been borrowed to finance specific capital projects the finance and interest charges are capitalised. Interest of US\$0.8 million (2000: US\$6.9 million; 1999: US\$5.8 million) was capitalised and is being amortised based on the estimated life of reserves/plantation using the unit of production method.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 8. Tax on Profit on Ordinary Activities

Xstrata AG is incorporated in Switzerland but operates in various countries with different tax regimes. Furthermore, the Xstrata AG Group’s earnings before tax provisions arise primarily outside Switzerland. Consequently, the weighted average statutory tax rate may vary from period to period reflecting taxable earnings arising in different tax jurisdictions.

The taxation (charge)/credit is made up as follows:

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Current tax			
Foreign tax	(2,322)	(13,273)	(1,440)
Deferred tax:			
Originating and reversing timing differences	3,166	(8,341)	(9,195)
Effect of change in tax rate	5,787	-	-
<b>Total tax (charge)/credit on profit on ordinary activities</b>	<b>6,631</b>	<b>(21,614)</b>	<b>(10,635)</b>

The statutory tax provision at the weighted average rate is generally calculated on the basis of pre-tax earnings or losses in each country and the applicable statutory tax rates. The difference between the effective provision for income tax and the statutory tax provision at the weighted average tax rate is reconciled as follows:

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Statutory provision for tax			
at weighted average rate*	(18,658)	(28,653)	(6,574)
Permanent differences	18,547	8,661	(4,061)
Timing differences	(8,953)	8,341	9,195
Reduction in tax rate	5,787	-	-
Other	955	(1,622)	-
<b>Effective provision for tax</b>	<b>(2,322)</b>	<b>(13,273)</b>	<b>(1,440)</b>

\* Weighted average rates applied by period are: 1999 – 24.2%, 2000 – 16.2%, 2001 – 27.5%.

Deferred tax assets and liabilities for 2001, 2000 and 1999 reflect the impact of timing differences between amounts of assets and liabilities for financial reporting purposes and the amounts of such assets and liabilities as measured for tax purposes.

The Xstrata AG Group’s balance sheet as at 31 December 2001 contains assets valued above their historical cost. In accordance with FRS 19, no deferred tax has been recognised in respect of such revaluations. If these assets were to be sold for the revalued amount then, in the absence of any relief, additional tax of US\$6.9 million would be payable.

## Part VI Financial information – Accountants' Report on the Xstrata AG Group

### 9. Earnings per Ordinary Share

The calculation of earnings, and fully diluted earnings, per ordinary share is based on earnings of US\$11.3 million in 2001 (2000 – US\$155.3 million; 1999 – US\$84.0 million) and on 5,779,211 (2000 – 5,769,547; 1999 – 5,788,405) ordinary shares, being the weighted average number of ordinary shares in issue during the year. There is no material difference between basic and diluted earnings per share.

### 10. Tangible Fixed Assets

	Capital work in progress and other US\$000	Plantations US\$000	Mineral properties & mine development expenditure US\$000	Land and plant US\$000	Total US\$000
Cost:					
At 1 January 2000	35,021	24,972	501,436	457,221	1,018,650
Additions	33,950	4,705	8,507	4,889	52,051
Reclassification	5,240	(7,730)	(14,971)	17,461	–
Disposals	(677)	–	(252)	(3,105)	(4,034)
Acquired / (disposed) of with operations	(2,660)	–	(130,124)	(76,312)	(209,096)
Exchange adjustment	(11,754)	(719)	(67,502)	(59,676)	(139,651)
At 31 December 2000	59,120	21,228	297,094	340,478	717,920
Additions	29,020	3,372	542	96,719	129,653
Disposals	(1,123)	(1,206)	–	(2,572)	(4,901)
Reclassification	(35,085)	–	6,365	29,082	362
Acquisition of subsidiary undertaking	12,912	–	985	328,257	342,154
Impairment	–	(1,219)	(23,411)	(24,184)	(48,814)
Exchange adjustment	(21,251)	(2,594)	(106,519)	(142,681)	(273,045)
<b>At 31 December 2001</b>	<b>43,593</b>	<b>19,581</b>	<b>175,056</b>	<b>625,099</b>	<b>863,329</b>
Depreciation:					
At 1 January 2000	5,937	3,020	106,534	96,866	212,357
Provided during the year	5,532	–	5,757	10,550	21,839
Reclassification	3,020	(3,020)	–	–	–
Disposals	(501)	–	(34)	(937)	(1,472)
Acquired / (disposed) of with operations	–	–	(81,564)	(18,716)	(100,280)
Exchange adjustment	(916)	–	(4,501)	(13,343)	(18,760)
At 31 December 2000	13,072	–	26,192	74,420	113,684
Provided during the year	3,172	–	7,834	28,760	39,766
Disposals	(858)	–	–	(828)	(1,686)
Reclassification	244	–	–	–	244
Impairment adjustment	–	–	(819)	(870)	(1,689)
Exchange adjustment	(6,725)	–	(13,066)	(38,879)	(58,670)
<b>At 31 December 2001</b>	<b>8,905</b>	<b>–</b>	<b>20,141</b>	<b>62,603</b>	<b>91,649</b>
<b>Net book value at 31 December 2001</b>	<b>34,688</b>	<b>19,581</b>	<b>154,915</b>	<b>562,496</b>	<b>771,680</b>
<b>Net book value at 31 December 2000</b>	<b>46,048</b>	<b>21,228</b>	<b>270,902</b>	<b>266,058</b>	<b>604,236</b>
<b>Net book value at 1 January 2000</b>	<b>29,084</b>	<b>21,952</b>	<b>394,902</b>	<b>360,355</b>	<b>806,293</b>

Mineral properties and mine development expenditure and plantations, include capitalised interest of US\$0.8 million (2000: US\$ 6.9 million) and are amortised based on the estimated life of reserves/plantation using the unit of production method. Land and plant includes land amounting to US\$24.7 million (2000: US\$ 17.2 million).

Due to the depressed market conditions and operational difficulties, an adjustment was made to reflect the difference between the carrying value and the recoverable amount of the property, plant and equipment at the Windimurra vanadium operations in Australia amounting to US\$45,500,000. In assessing the recoverable amount, the relevant expected future cash flows arising from the Windimurra operations have been discounted to their present value using a 9.0% discount value.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 11. Intangible Fixed Assets

	Licences concessions trademarks US\$000	Goodwill US\$000	Borrowing costs US\$000	Other US\$000	Total US\$000
Cost:					
At 1 January 2000	637	1,526	–	505	2,668
Reclassifications	(604)	(1,750)	–	2,354	–
Additions	–	196	1,938	1,764	3,898
Disposals	–	(195)	–	–	(195)
Translation Adjustments	(1)	(2)	–	(11)	(14)
At 31 December 2000	32	(225)	1,938	4,612	6,357
Reclassification to tangible fixed assets	–	–	–	(362)	(362)
Write off previously capitalised formation costs	–	–	–	(114)	(114)
Additions	–	–	7,636	3,895	11,531
Acquisitions	1,695	112,120	–	2,042	115,857
Translation Adjustments	(36)	(457)	–	(393)	(886)
At 31 December 2001	<b>1,691</b>	<b>111,438</b>	<b>9,574</b>	<b>9,680</b>	<b>132,383</b>
Accumulated Amortisation:					
At 1 January 2000	156	152	–	–	308
Reclassification	(149)	(350)	–	499	–
Amortisation	2	5	194	487	688
Translation Adjustments	–	(4)	–	–	(4)
At 31 December 2000	9	(197)	194	986	992
Reclassification to tangible fixed assets	–	–	–	(244)	(244)
Amortisation	–	3,995	117	2,493	6,605
Translation adjustments	(9)	(74)	–	(47)	(130)
At 31 December 2001	–	3,724	311	3,188	7,223
Net book value at 31 December 2001	<b>1,691</b>	<b>107,714</b>	<b>9,263</b>	<b>6,492</b>	<b>125,160</b>
Net book value at 31 December 2000	23	(28)	1,744	3,626	5,365
Net book value at 1 January 2000	481	1,374	–	505	2,360

Goodwill is amortised over 20 years whilst borrowing costs are amortised over the life of the financing facility. Other intangible assets comprise principally acquisition and development costs that are amortised over the commercial life of a project.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 12. Own Shares

	Number	US\$000
Shares held at 31 December 1999	144,420	21,026
New shares acquired	50,005	12,944
Shares sold	(71,955)	(10,457)
Shares held at 31 December 2000	122,470	23,513
New shares acquired	4,169	982
Disposal of shares	(6,596)	(1,554)
<b>At 31 December 2001</b>	<b>120,043</b>	<b>22,941</b>

### 13. Other Long-Term Assets

		At 31 December 2000 US\$000	At 31 December 2001 US\$000
Equity investment in Mount Thorley Coal Loading Ltd, Australia (13.90%)	Unlisted	293	–
Equity investment in Newcastle Coal Shippers Pty Ltd, Australia (0.56%)	Unlisted	118	–
Equity investment in Compantia Paraibuna de Metais, Brazil (0.188%)	Listed	–	55
Other		555	7,714
		966	7,769
Loans		3,958	5,313
		4,924	13,082

Loans included within fixed assets are primarily interest bearing investments, not repayable within one year.

The ‘other’ fixed asset of US\$7.7 million in 2001 includes funds due from the Reocin regional government (Spain) for a discounted value of US\$7.0 million, payable upon the closure of the Reocin zinc mine.

Details of the principle investments as at 31 December in which the Xstrata AG Group or the company holds 20% or more of the nominal value of any class of return share capital are as follows:

	Country of incorporation		Proportion of voting rights and shares held	2000	2001
Metals and minerals (mining and processing)					
Xstrata South Africa (Pty) Ltd	South Africa	Ordinary	100%	100%	100%
Xstrata Zinc BV	Holland	Ordinary	–	100%	100%
Xstrata Spain S.L.	Spain	Ordinary	–	100%	100%
Asturiana de Zinc S.L	Spain	Ordinary	–	98.3%	98.3%
Xstrata Windimurra Pty Ltd	Australia	Ordinary	100%	100%	100%
Vanadium Australia Pty Ltd *	Australia	Ordinary	100%	100%	100%
Windimurra Limited*	Australia	Ordinary	–	100%	100%
Xstrata Magnesium AG	Switzerland	Ordinary	100%	100%	100%
Xstrata Magnesium Corp *	USA	Ordinary	100%	100%	100%
Energy (coal mining)					
Xstrata Coal Pty Ltd	Australia	Ordinary	100%	–	–
United Collieries Pty Ltd*	Australia	Ordinary	95%	–	–
Forestry (plantation)					
Xstrata Forestry AG [dissolved on 30 June 2001]	Switzerland	Ordinary	100%	–	–
Forestal del Sur Ltda* (sold 1 July 2001)	Chile	Ordinary	100%	–	–
Forestal los Lagos SA	Chile	Ordinary	100%	100%	100%
Other					
Xstrata Marketing Corporation A.V.V.	Aruba	Ordinary	100%	100%	100%
Xstrata Capital Corporation A.V.V.	Aruba	Ordinary	100%	100%	100%

\* Held by subsidiary undertakings

### 14. Acquisitions and Disposals

#### **Xstrata Magnesium Corporation**

Xstrata AG incorporated Xstrata Magnesium Corporation and Xstrata Magnesium AG on 6 July 2000 and 9 August 2000 respectively, in connection with the construction of a magnesium scrap recycling facility in the United States. Following the completion of the feasibility study, Xstrata AG approved a US\$31.3 million expenditure plan for the construction of the facility.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 14. Acquisitions and Disposals (continued)

#### *Xstrata Coal Pty Ltd*

On 1 January 2001, the Xstrata AG Group disposed of Xstrata Coal Pty Ltd. The disposal is analysed as follows:

	US\$000
Net assets disposed of:	
Investments	411
Non-current loans	–
Fixed assets	64,335
Stocks	1,160
Debtors	3,112
Cash and equivalents	882
Current liabilities	(7,702)
Net assets disposed of	62,198
Additional funding during 2001	1,974
	64,172
Loss on disposal	(172)
	64,000
Satisfied by:	
Cash	64,000

#### *Asturiana*

On 3 May 2001, the Xstrata AG Group acquired 95.5% of Asturiana de Zinc, S.A. (“Asturiana”) for a consideration of US\$454 million. Goodwill arising on the acquisition of Asturiana of US\$112 million has been capitalised on the balance sheet. The investment in Asturiana has been included in the Group’s balance sheet at its fair value at the date of acquisition. <sup>6.D.11</sup>

Net assets at date of acquisition

	Book value US\$000	Adjustments US\$000	Fair value US\$000
Tangible fixed assets	325,113	114,761	439,874
Stocks	62,521	–	62,521
Debtors	56,764	–	56,764
Cash	20,028	–	20,028
Creditors due within one year	(129,304)	–	(129,304)
Creditors due in more than one year	(92,330)	–	(92,330)
Net assets	242,792	114,761	357,553
Xstrata AG Group share of net assets acquired 95.5%			341,463
Goodwill arising on acquisition			112,120
			453,583
Discharged by:			
Cash paid			453,583

The adjustment reflects an increase in the value of plant and machinery to its depreciated replacement cost.

During the year ended 31 December 2001 Asturiana contributed US\$58.1 million to the Xstrata AG Group’s net operating cash flows, paid US\$1.6 million in respect of net returns on investments and servicing of finance, paid US\$0.2 million in respect of taxation and utilised US\$69.5 million for capital expenditure.

Asturiana earned a profit after tax of US\$43.4 million in the the year ended 31 December 2001 of which US\$11.2 million arose in the period from 1 January 2001 to 30 April 2001. The summarised profit and loss account for the period from 1 January 2001 to the date of acquisition is as follows:

	US\$000
Turnover	116,683
Operating profit	24,951
Profit before tax	17,178
Taxation	(6,014)
Profit for the four months ended 30 April 2001	11,164

There were no recognised gains and losses in the four months ended 30 April 2001 other than the profit of US\$11.2 million above.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 14. Acquisitions and Disposals (continued)

#### Forestal del Sur Ltda

On 1 July 2001 Forestal del Sur Ltda was disposed of to its management for US\$4.0 million whilst its subsidiary, Forestal Los Lagos SA, was retained within the Xstrata AG Group. As a result Xstrata AG received US\$3.3 million in November 2001, and the balance of US\$0.7 million is due in October 2002. Xstrata AG made a loss on disposal of US\$1.8 million.

The disposal is analysed as follows:

	<b>US\$000</b>
Net assets disposed of:	
Fixed assets	3,942
Debtors	2,856
Stock	8,059
Cash	1,690
Current liabilities	(10,105)
Non-current liabilities	(660)
	5,782
Loss on disposal	(1,782)
	4,000
Satisfied by:	
Cash payment	4,000

### 15. Stocks

	<b>At 31 December 2000 US\$000</b>	<b>At 31 December 2001 US\$000</b>
Raw materials and consumables	34,120	60,288
Work in progress	91	10,415
Finished goods and goods for resale	80,626	74,065
	114,837	144,768

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 16. Debtors

	<b>At 31 December 2000 US\$000</b>	<b>At 31 December 2001 US\$000</b>
Trade debtors	119,236	132,926
Advances and deposits	987	508
Prepayments and accrued income	1,142	4,043
Other debtors	4,161	28,033
Recoverable sales tax and prepaid income tax	7,648	22,660
	133,174	188,170

### 17. Cash and Short-Term Deposits

	<b>At 31 December 2000 US\$000</b>	<b>At 31 December 2001 US\$000</b>
Cash at bank and in hand	7,474	16,458
Short-term deposits	37,262	29,408
	44,736	45,866

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 18. Creditors: amounts falling due within one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Current instalments due on loans from third parties	–	78,994
Bank overdraft	9,542	1,349
Trade creditors	73,182	102,110
Corporation tax	14,378	2,675
Other creditors	19,774	36,598
	116,876	221,726

The bank overdraft is secured by a floating charge over certain of the Xstrata AG Group’s assets.

Xstrata AG Group maintains various credit lines with a number of banks, US dollar current borrowings bear interest at a weighted average rate of 0.8% (2000: 0.8%) per annum above the borrowing base rate. South African rand current borrowings bear interest at prime rate, which averaged 13.8% per annum during 2001 (2000: 14.6%). Total unused current credit lines at 31 December 2001 amounted to US\$120.8 million (31 December 2000: US\$150.6 million).

### 19. Creditors: amounts falling due after more than one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
<b>Loans</b>	34,502	421,990

Total unused non-current credit lines at 31 December 2001 and 31 December 2000 amounted to US\$56.4 million and US\$302.5 million, respectively.

### 20. Loans

Non-current borrowings fall due as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Amounts falling due:		
Within one year	–	78,994
Between one and five years	2,500	414,990
In five years or more	32,002	7,000
	34,502	500,984
Less: included in creditors: amounts falling due within one year	–	78,994
	34,502	421,990

Details of loans not wholly repayable within five years are as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Variable rate secured loan of ZAR 170 million	22,502	–
Variable rate (LIBOR +1.75%) secured loan	9,500	7,000

The long-term loans are secured by fixed charges over various of the Xstrata AG Group’s properties.

On 12 April 2001, Xstrata AG entered into a Euro 600 million term loan and revolving credit facility comprising a Euro 250 million term loan tranche with a one year repayment grace period and five equal semi-annual repayments thereafter, and a Euro 350 million revolving credit tranche with a four year maturity.

The proceeds of the term loan and revolving credit facility were used to finance the acquisition of Asturiana de Zinc, S.A. and for general corporate purposes. Interest is payable based on LIBOR plus a margin ranging from 65 to 125 basis points, depending on certain financial covenants. During the year, the borrowing margin has been fixed at 150 basis points above LIBOR.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 21. Obligations Under Leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	At 31 December 2000 US\$000	At 31 December 2001 US\$000	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Operating leases which expire:				
Within one year	–	–	89	425
In two to five years	187	184	765	6,104
In over five years	–	–	–	2,600
	187	184	854	9,129

### 22. Provisions for Liabilities and Charges

	Post- retirement benefits US\$000	Provision for rehabilitation costs US\$000	Deferred taxation US\$000	Other US\$000	Total US\$000
At 1 January 2000	6,033	1,435	109,854	5,899	123,221
Arising during the year	–	400	8,341	272	9,013
Arising on the acquisition or disposal of subsidiary undertakings	–	(471)	(19,185)	(5,876)	(25,532)
Utilised and foreign exchange adjustments	(1,180)	(492)	–	–	(1,672)
At 31 December 2000	4,853	872	99,010	295	105,030
Arising on the acquisition or disposal of subsidiary undertakings	17,732	13,977	5,180	2,314	39,203
Arising during the year	–	246	9,195	14,296	23,737
Utilised and foreign exchange adjustments	(3,831)	(327)	(36,845)	(132)	(41,135)
<b>At 31 December 2001</b>	<b>18,754</b>	<b>14,768</b>	<b>76,540</b>	<b>16,773</b>	<b>126,835</b>

#### Post-retirement benefits

The Xstrata AG Group provides post-retirement benefits for a number of its employees. Entitlement to these benefits is dependent upon the employee remaining in service until retirement age, and is subject to periodic review. The Xstrata AG Group recognises the estimated liability on an accrual basis over the working life of the eligible employees.

#### Other

Primarily relates to the acquisition of mining rights in South Africa. The provision represents the net present value of payments to the vendor over the course of the agreement (expiration in 2016).

#### Deferred tax

Deferred taxation comprises:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Capital allowances in advance of depreciation	110,169	84,754
Tax losses	(2,499)	(15,751)
Other timing differences	(8,660)	7,537
	99,010	76,540

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 23. Share Capital

Authorised

	At 31 December 2000 thousands	At 31 December 2001 thousands	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Ordinary shares of CHF10 each	5,900	5,900	41,569	41,569

Allotted, called up and fully paid

	At 31 December 2000 thousands	At 31 December 2001 thousands	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Ordinary shares of CHF10 each	5,900	5,900	41,569	41,569

During the year ended 31 December 2000 the number of shares issued was increased by way of a 1:5 share split on the basis of five shares, each having a value of CHF 10, for one bearer share having a value of CHF 50.

At the Extraordinary General Meeting of shareholders on 6 March 2001, approval to increase the authorised share capital of CHF29,500,000 par value was granted to the board of directors. The board of directors was also authorised to increase the share capital until 5 March 2003 by issuing 2,950,000 bearer shares with a par value of CHF10 each to be fully paid up. Increases in partial amounts are permitted. The board of directors will determine the applicable issuing price, the type of contributions to be made for the new shares and the time from which the new shares given rights to dividends. The shares are intended for placement with the existing shareholders, however, under certain conditions, the board of directors is entitled to exclude the subscription rights of the shareholders for up to 10% of the shares issued as of the date of the capital issuance.

### 24. Reserves

	Share capital US\$000	Share premium account US\$000	Other reserves US\$000	Profit and loss account US\$000	Total US\$000
At 1 January 1999	41,569	267,365	23,173	231,531	563,638
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	-	(18,256)	(18,256)
Reclassifications	-	-	3,281	(3,281)	-
Retained profit for the year	-	-	-	84,044	84,044
At 31 December 1999	41,569	267,365	26,454	294,038	629,426
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	-	(110,345)	(110,345)
Reclassifications	-	-	63	(63)	-
Retained profit for the year	-	-	-	155,255	155,255
At 1 January 2001	41,569	267,365	26,517	338,885	674,336
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	-	(146,467)	(146,467)
Retained profit for the year	-	-	-	11,253	11,253
<b>At 31 December 2001</b>	<b>41,569</b>	<b>267,365</b>	<b>26,517</b>	<b>203,671</b>	<b>539,122</b>

### 25. Notes to the Statement of Cash Flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Operating profit	95,179	130,563	92,446
Depreciation and amortisation	40,009	21,658	35,998
Increase in debtors	(25,633)	2,698	(3,893)
Increase in stocks	3,258	(5,027)	28,622
Decrease in creditors	13,321	41,591	10,898
Increase in provisions	(17,480)	(15,929)	10,252
Exchange gain on cash, liquid resources	(122)	(2,514)	(15,894)
Write down of fixed assets	4,671	-	-
<b>Net cash inflow from operating activities</b>	<b>113,203</b>	<b>173,040</b>	<b>158,429</b>

## Part VI Financial information – Accountants' Report on the Xstrata AG Group

### 25. Notes to the Statement of Cash Flows (continued)

(b) Analysis of net debt

	At 1 January 1999 US\$000	Cash flow US\$000	Exchange differences US\$000	At 31 December 1999 US\$000
Cash at bank and in hand	16,430	(12,665)	2,063	5,828
Bank overdrafts	(58,984)	(8,425)	–	(67,409)
Cash	(42,554)	(21,090)	2,063	(61,581)
Short-term deposits	12,146	(10,188)	–	1,958
Current loans	(11,733)	11,733	–	–
Non-current loans	(170,323)	(26,370)	–	(196,693)
	(212,464)	(45,915)	2,063	(256,316)

  

	At 1 January 2000 US\$000	Cash flow US\$000	Changes in group operations US\$000	At 31 December 2000 US\$000
Cash at bank and in hand	5,828	1,646	–	7,474
Bank overdrafts	(67,409)	57,867	–	(9,542)
Cash	(61,581)	59,513	–	(2,068)
Short-term deposits	1,958	35,304	–	37,262
Non-current loans	(196,693)	216,880	(54,689)	(34,502)
	(256,316)	311,697	(54,689)	692

  

	At 1 January 2001 US\$000	Cash flow US\$000	Changes in in Group operations US\$000	Exchange differences US\$000	At 31 December 2001 US\$000
Cash at bank and in hand	7,474	8,984	–	–	16,458
Bank overdrafts	(9,542)	8,193	–	–	(1,349)
Cash	(2,068)	17,177	–	–	15,109
Short-term deposits	37,262	(7,854)	–	–	29,408
Current loans	–	(78,994)	–	–	(78,994)
Non-current loans	(34,502)	(307,967)	(101,194)	21,673	(421,990)
	692	(377,638)	(101,194)	21,673	(456,467)

### 26. Post Balance Sheet Events

On 20 February 2002, Xstrata AG entered into a merger agreement with Xstrata plc, a public limited company incorporated in England and Wales specifically for the purpose of the merger. It is anticipated that prior to completion of the merger, Xstrata AG will transfer the majority of its assets and liabilities to a wholly-owned subsidiary. Subject to the approval of Xstrata AG's shareholders at the general meeting to be held on 19 March 2002, all of the assets of Xstrata AG will be transferred to Xstrata plc on completion of the merger and Xstrata plc will assume all of Xstrata AG's liabilities. In consideration for this transfer, Xstrata plc will issue shares to the shareholders of Xstrata AG in proportion to their respective holdings.

On 21 February 2002, Xstrata plc, Xstrata (Schweiz) AG and Xstrata South Africa (Proprietary) Limited (the "Purchasers"), Xstrata AG and Glencore International AG, Duiker Coal Investments Limited, Duffield Trading Limited, Glencore Finance (Bermuda) Limited and Stychus Invest AG (the "Vendors") entered into the Acquisition agreement to purchase the entire issued share capital of each of Glencore Overseas AG (of which Enx Resources Limited is a wholly owned subsidiary), Duiker Marketing AG and Duiker Mining (Proprietary) Limited (the "Coal Assets") for cash and Ordinary Shares in Xstrata plc with an aggregate value of US\$2,067,910,000 (which includes an agreed amount relating to working capital of US\$73,000,000), in addition to which Xstrata plc has agreed to assume net indebtedness of Glencore Overseas AG, Duiker Mining (Proprietary) Limited and Duiker Marketing AG and each of their subsidiaries and subsidiary undertakings and where the context requires their associated undertakings and procure the repayment of shareholder loans to Glencore International AG, resulting in a total value of US\$2,573,000,000. Completion of the Acquisitions is subject to a number of conditions including Admission of the shares of Xstrata plc to the Official List of the UK Listing Authority.

The acquisition agreement is subject to a number of conditions, including regulatory and third party consents.

### 27. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to US\$3.3 million (2000 – US\$16.2 million; 1999 – US\$25.6 million).

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 28. Contingent Liabilities

On 3 August 2001, a claim was filed (but not yet served by 19 March 2002) against Xstrata Windimurra Pty Ltd and Precious Metals Australia Limited seeking payment of A\$6.9 million for variations carried out under an engineering services agreement. A counter claim was subsequently filed by Xstrata Windimurra Pty Limited and Precious Metals Australia Limited for A\$3.0 million for the contractors’ failure to perform the obligations under that agreement. A settlement offer of A\$1.5 million has been made which remains open for acceptance as at 19 March 2002. Precious Metals Australia Limited ceased to be a joint venture participant from 28 September 2000 but it remains liable for 40% of claims under the dispute.

In connection with the expansion at the San Juan de Nieva plant, the company has issued bank guarantees for the amount of €39.0 million (US\$34.5 million). The bank guarantees have been issued in respect of grants received from regional and federal authorities. The guarantees will be released once the authorities are satisfied that the Group has met all its obligations in connection with the receipt of the grants.

The Xstrata AG Group has contractual obligations for various expenditures such as royalties, exploration and development. Such expenditures accrue when the related revenue is earned in the ordinary course of business. No contingent liability warrants disclosure at 31 December 2001, 2000 and 1999.

### 29. Pension Commitments

The Xstrata AG Group operates various defined contribution pension plans covering a majority of employees. Other than in Spain, all pension plans are fully funded and the assets are held separately from those of the Xstrata AG Group, being generally invested with insurance companies and regulated by local legislation.

In general, the pension plans provide benefits to participants at retirement or other life contingencies. The benefits vary from severance payments to retirement pensions on termination of employment. On retirement or other legitimate life contingency, the employees are eligible to a severance lump sum payment or an annuity equal in value to their share of the fund.

Contributions to the funds are made by the Xstrata AG Group and, in some cases, jointly by employees, based on a fixed percentage of the basic annual salary of up to 20%. Payments under the pension plan schemes are recognised as an expense for each respective year. Such expenses for 2001 amounted to US\$11.8 million (2000: US\$ 5.4 million; 1999: US\$ 6.2 million).

Following the transfer of assets and liabilities in February 2002, described below, the Xstrata AG Group operates one defined benefit pension scheme of which there are no active members. Details of defined benefit schemes as at 31 December 2001 are given below.

#### South Africa

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuations, which were conducted as at 31 December 1999 by a qualified independent actuary were as follows:

Main assumptions:

Rate of return on investments (% per annum)	14.0%
Rate of salary increases (% per annum)	11.5%
Rate of pension increases (% per annum)	9.1%

	US\$000
Market value of scheme’s assets	5,512
Present value of promised retirement benefits	(3,187)
Surplus	2,325

There are no longer any active members of the scheme.

The scheme’s assets and liabilities are not included in the Xstrata AG Group’s balance sheet at 31 December 2001 as the fund was transferred to a third party insurance company in February 2002 and the surplus of assets was allocated to the members.

#### Spain

Benefits are provided for retired personnel that consists of a life long post-retirement pension where 50% is payable to the spouse upon death of the retired employee. In line with local practice no external assets are held in respect of the benefits, although the future commitments under this plan were fully provided for according to an actuarial study conducted as at 31 December 2001 using the projected unit credit method of valuation. The retired personnel at this date amounted to 349 people with an average age of 72 years.

The Spanish law 14/2000 of 29 December 2000 on Tax, Administration and Social Measures has set 16 November 2002 as the deadline for the externalisation of pension commitments assumed by companies with respect to their employees (either through insurance contracts or the formalisation of pension plans), in accordance with the stipulations of Law 30/1995 on Private Insurance. The same rule also establishes the maximum periods for amortisation of the deficit, based on the way in which the externalisation of these commitments has been instrumented. This process is not foreseen to give rise to further liabilities in addition to those already recorded. It is expected that on, or shortly before, the externalisation deadline under Spanish law 14/2000 mentioned above that these pension liabilities will be fully secured with an insurance company.

## Part VI Financial information – Accountants' Report on the Xstrata AG Group

### 29. Pension Commitments (continued)

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations. The results of the most recent valuations performed as at 31 December 2001 are as follows:

Main assumptions	
Rate of pension increases (% per annum)	2%
Discount rate (% per annum)	5%

	<b>US\$000</b>
Provision recorded	16,795
Pension liability	16,795

There are no longer any active members of the scheme. The Xstrata AG Group makes payments to the scheme members in accordance with the arrangements of the scheme, with those payments being charged against the provision. At each actuarial valuation the provision is adjusted to match the pension liability with movements being posted to the profit and loss account.

### 30. Post-retirement Benefits other than Pensions

The Xstrata AG Group provides post-retirement medical aid benefits for a number of its employees in South Africa through a number of arrangements. Entitlement to these benefits is subject to periodic review and is dependent upon the employee remaining in service until retirement age but members retiring on or after 1 January 2002 will cease to receive any subsidy towards medical aid contributions. There are only two schemes deemed significant which are further discussed below.

The majority of employees (some 3,600) are covered by a funded defined benefit plan. A valuation of the plan at 31 December 2001 showed a surplus of 12.7% (ZAR 4.7 million). This surplus is below that legally required of 13.5%, and although Xstrata is not legally bound to increase its contributions to generate the required surplus, contributions in 2002 are expected to increase to ZAR 41 million (US\$4.8 million) from ZAR 30.5 million (US\$3.5 million) in 2001 to generate this required surplus.

At 31 December 2001, the unfunded plan had 54 members with an average age of 58 years old. The Xstrata AG Group recognises the estimated liability on an accrual basis over the working life of the eligible employees.

The accumulated post-retirement medical aid obligations and the annual cost of these benefits were determined by independent actuaries as at 31 December 2001. The assumptions used include estimates of life expectancy and long-term estimates of the increases in medical cost, appropriate discount rates and the level of claims based on the Xstrata AG Group's past experience. Actuarial valuations will be conducted every three years at which time any surplus or shortfall will be adjusted through the income statement. Between actuarial valuation, the provision will be adjusted in accordance with rates supplied by the actuaries.

The main assumptions used in the calculation were:

Rate of inflation in the cost of providing benefits (% per annum)	9%
Increases in contribution rates for members	11%

	<b>US\$000</b>
Amounts provided for in the balance sheet	1,929
Present value of promised benefits	1,929
Surplus	-

During the year ended 31 December 2001, US\$0.8 million of the provision was released to the profit and loss accounts to reduce the provision to the expected requirements.

### 31. Other Related Party Transactions

During the year indicated the Xstrata AG Group entered into the following transactions, in the ordinary course of business, with other related parties:

Related party	Sales to related party US\$000	Purchases and charges from related party US\$000	Amounts owed to related party US\$000	Amounts owed from related party US\$000
Forestal del Sur Ltda				
2001	1,352	-	-	857
Joint arrangement partners				
2001	-	-	-	-
2000	-	-	-	2,424
1999	-	-	-	16,439
Glencore International				
2001	147,958	43,855	9,950	26,786
2000	67,384	53,694	2,479	22,022
1999	177,643	44,563	16,164	44,897

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 31. Other Related Party Transactions (continued)

#### **Forestal del Sur Ltda**

During 2001, Forestal del Sur Ltda was sold to management at a loss on disposal of US\$1.8 million. Subsequently, Forestal del Sur Ltda agreed to provide the day to day management of the plantation, and purchase and on-sell the trees, under a management service agreement and a tolling and marketing agreement. These agreements expire on 31 December 2006.

#### **Joint arrangement partners**

The amounts due from the joint arrangement partners are loans made to the partners to assist with the financing of the joint operations.

These relate to the aluminium, coal, vanadium and oil and gas business units.

In addition to the above, loans were also issued to the joint arrangement operations as follows:

Xstrata AG Group held a 23% interest in the Mount Holly aluminium reduction facility in 1999 which was disposed of during 2000. At 31 December 1999, an amount of US\$63,276,000 was outstanding from Mount Holly.

Xstrata AG Group held a 95% interest in the United Collieries Joint Venture coal mine until its disposal in 2001. Amounts loaned and outstanding at 31 December 1999 and 2000 were US\$25,045,000 and US\$22,336,000 respectively.

The Windimurra Vanadium operations ceased to be accounted for as a joint arrangement when the remaining 40% was acquired in 2000. A loan of US\$62,139,000 was outstanding from the Windimurra Vanadium operations at 31 December 1999.

Xstrata AG Group held a 32.8% interest in the Santa Cruz I oil and gas fields joint venture in 1999, which was disposed of in 2000. As at 31 December 1999, a loan of US\$40 million was outstanding from Santa Cruz I.

No interest was charged on any of these loans to joint arrangement partners.

#### **Glencore International**

As at 31 December 2001, Glencore International owned 38.03% of the shares in Xstrata AG.

In 2001, the Xstrata AG Group entered into an agreement with Enex Coal Pty Limited to dispose of its wholly owned subsidiaries Xstrata Coal Pty Limited and Winarch Pty Ltd. Xstrata Coal Pty Limited owned a 95% undivided beneficial interest in the United Collieries Joint Venture coal mine in New South Wales, Australia. The Enex Group manages the United Collieries Joint Venture coal mine. In addition to buying the shares of the disposal entities, Enex Coal Pty Limited repaid all loans outstanding to Xstrata AG at the completion date. The aggregate consideration (including loan repayments of US\$23 million) amounted to US\$64 million generating a loss on disposal of US\$0.2 million.

Some of Xstrata AG’s operating subsidiaries have entered into long term agency agreements with Glencore International and/or its subsidiaries under which Glencore provides marketing services in exchange for an agency fee. Agency fees are negotiated on arms’ length terms and ranges from 3.5% to 5.0% (2000: 1.5% to 4.75%) of the free on board sales revenue. Glencore acts as collecting agent and also assumes 60% of the non-payment risk of the Xstrata AG Group’s ferrochrome trade receivables.

In December 1997, Xstrata Marketing Corporation, a wholly owned subsidiary, entered into an offtake agreement with Glencore International in connection with the acquisition of Rhoex and Vanadium Technology. Under this three year agreement, Glencore acts as the exclusive offtaker of the entire South African vanadium pentoxide and ferrovandium production at a fixed price of US\$ 3.50 per pound of vanadium pentoxide and US\$ 16.80 per kilogramme of ferrovandium. Xstrata Marketing Corporation shares equally with Glencore any surplus arising between the fixed delivered price to Glencore and the delivered customer price. With effect from 1 January 2000, the offtake agreement was restructured in such a way that half of the vanadium pentoxide offtake entitlement for the year 2000 was allocated equally to the years 2001 and 2002 at US\$ 3.65 per pound and US\$ 3.80 per pound respectively.

Xstrata AG has also entered into service agreements with Glencore International. Fees under these agreements are determined annually and approved by the board of directors. Aggregate fees incurred under such agreements during 2001 amounted to US\$1.6 million (2000: US\$1.8 million; 1999: US\$ 2.0 million).

### 32. Financial Instruments

The Xstrata AG Group is exposed to changes to currency exchange rates, commodity prices and interest rates in the course of business. Derivative transactions are entered into solely to hedge these risks. Market fluctuations in derivative financial instruments designated as hedges are used to offset the fluctuations in the underlying exposure.

During 1999 and 2000 the use of derivative instruments has been limited to forward foreign exchange contracts, used to hedge sales in US dollars by the Australian coal operations. During 2001, these Australian coal operations were sold, and an additional operation in Spain was acquired. This operation uses forward exchange contracts and zinc futures as part of its normal course of business to hedge the Xstrata AG Group’s exposure to fluctuations in the market price of zinc. These are further discussed below.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 32. Financial Instruments (continued)

#### Interest rate risk of financial liabilities

The interest rate profile of the financial liabilities of the Xstrata AG Group as at 31 December 2001 was as follows:

	<b>Floating rate financial liabilities US\$000</b>
2001	
US\$	468,290
ZAR	30,604
Euro	2,090
US\$ overdraft	1,349
	502,333
2000	
US\$	12,000
ZAR	22,502
US\$ overdraft	9,542
	44,044

The floating rate financial liabilities comprise:

- US\$ and Euro denominated bank loans and overdrafts bear interest at fixed rates above LIBOR. The weighted average rate was 3.9% (6.4% in 2000); and
- ZAR denominated bank loan bears interest at South African prime rate. The weighted average rate was 13.8% (14.6% in 2000).

#### Currency risk

The table below shows the Xstrata AG Group’s currency exposures, those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Xstrata AG Group that are not denominated in the operating (or ‘functional’) currency of the operating unit involved.

As at 31 December, these currency exposures were as follows:

	<b>CLP US\$000</b>	<b>EURO US\$000</b>	<b>ZAR US\$000</b>	<b>A\$ US\$000</b>	<b>Total US\$000</b>
2001	934	95,862	55,657	211	152,664
2000	(477)	–	28,837	(1,277)	27,083

The Xstrata AG Group uses forward exchange contracts to hedge future transactions and cash flows on identifiable foreign currency exposures. As at 31 December 2000 an Australian subsidiary had entered into US dollar/Australian dollar forward exchange contracts to hedge its US dollar denominated revenue (this subsidiary was disposed of during 2001). All of these forward exchange contracts mature within three months after year end (1999: three months). Budgeted sales of the Australian subsidiary are in excess of the contract volumes for the forward contracts during their respective periods. The estimated deferred gain or loss on the open forward contracts has been determined based on pertinent market information available as at 31 December.

	<b>Contract Volume US\$000</b>	<b>Average forward rate (US\$/A\$)</b>	<b>Gain/(loss) US\$000</b>
2000 forward exchange contracts	6,275	0.6152	(605)

As at 31 December 2001 a Spanish subsidiary had entered into EUR/US\$ forward exchange contracts to hedge its US\$ denominated expenditure, incurred in the normal course of business. The estimated deferred gain or loss on the open forward contract has been determined based on pertinent market information available as at 31 December 2001.

	<b>Contract Volume (US\$000)</b>	<b>Average forward rate (EURO/US\$)</b>	<b>Gain/(loss) US\$000</b>
2001 forward exchange contracts	190,000	1.0622	(12,871)

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 32. Financial Instruments (continued)

#### Commodity price risk

For the three year period ending 31 December 2000 Xstrata Marketing Corporation entered into an offtake agreement with Glencore International for all its South African vanadium pentoxide and ferrovandium production at a fixed price of US\$ 3.50 per pound and US\$ 16.80 per kilogramme, respectively. Any surplus arising between the fixed prices and the delivered customer prices are shared between Xstrata AG Marketing Corporation the agent.

With effect from 1 January 2000, the offtake agreement was restructured in such a way that half of the vanadium pentoxide offtake entitlement for the year 2000 was allocated equally to the years 2001 and 2002 at US\$ 3.65 per pound and US\$ 3.80 per pound respectively.

A Spanish subsidiary (acquired by Xstrata AG during 2001) enters into LME Zinc futures to hedge potential market price fluctuations from the time zinc concentrate is bought to the time when the zinc metal is sold. The unrecognised gain on the outstanding futures at 31 December 2001 is as follows:

	<b>Estimated Deferred Gain/(Loss) US\$000</b>
2001 Zinc Futures	7,143

#### Credit risk

The Xstrata AG Group is exposed to credit risk in respect of trade receivables, however given the geographical and industry spread of the Xstrata AG Group’s customers, credit risk is believed to be limited.

#### Borrowing facilities

The Xstrata AG Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 December 2000 and 31 December 2001 in respect of which all conditions precedent had been met at that date are as follows:

	<b>2000 US\$000</b>	<b>2001 US\$000</b>
Expiring in one year or less	–	78,534
Expiring in more than one year but not more than two years	–	–
Expiring in more than two years	302,500	98,647
	302,500	177,181

#### Fair values

Fair values of financial assets and financial liabilities set out below is a comparison by category of book values and fair values of all the Xstrata AG Group’s financial assets and financial liabilities as at 31 December 2001:

	<b>2000 Book value US\$000</b>	<b>2000 Fair value US\$000</b>	<b>2001 Book value US\$000</b>	<b>2001 Fair value US\$000</b>
Primary financial Instruments				
Short-term borrowings and current portion of long-term borrowings	9,542	9,542	80,343	80,343
Long-term borrowings	34,502	34,502	421,990	421,990
Fixed asset investments (other than joint ventures and associates)	411	411	55	55
Cash and short-term deposits	44,736	44,736	45,866	45,886
<i>Derivative financial instruments held to hedge the currency exposure on expected future transactions</i>				
Zinc futures	–	–	–	7,143
Forward foreign currency contracts	–	(605)	–	(12,871)

Market values have been used to determine the fair value of forward foreign currency contacts and zinc futures. The fair value of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates.

## Part VI Financial information – Accountants’ Report on the Xstrata AG Group

### 32. Financial Instruments (continued)

#### Hedges

Gains and losses on investments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on financial instruments used for hedging, and the movements therein, are as follows:

	Gains US\$000	Losses US\$000	Net US\$000
Unrecognised gains and losses at 1 January 2000	–	(44)	(44)
Gains and losses arising in previous years that were recognised in 2000	–	(44)	(44)
Gains and losses arising in 2000 that were not recognised in 2000	–	(605)	(605)
Unrecognised gains and losses at 31 December 2000	–	(605)	(605)
Of which:			
Gains and losses expected to be recognised in 2001	–	(605)	(605)
Gains and losses expected to be recognised in 2002 or later	–	–	–
	Gains US\$000	Losses US\$000	Net US\$000
Unrecognised gains and losses at 1 January 2001	–	(605)	(605)
Gains and losses arising in previous years that were recognised in 2001	–	(605)	(605)
Gains and losses arising in 2001 that were not recognised in 2001	7,143	(2,237)	4,906
Gains and losses acquired with subsidiary operations in 2001	–	(10,634)	(10,634)
Unrecognised gains and losses at 31 December 2001	7,143	(12,871)	(5,728)
Of which:			
Gains and losses expected to be recognised in 2002	7,143	(7,399)	(256)
Gains and losses expected to be recognised in 2003 or later	–	(5,472)	(5,472)

### 33. Stock option incentive plan and board of directors’ remuneration

In addition to the directors’ stock option schemes described in note 5, Xstrata AG grants stock options on its shares to its officers and key employees to align the interests of the management with the interests of shareholders. Under the rules of the Xstrata AG Group Management and Employee Share Incentive Scheme eligible participants are required to purchase Xstrata AG shares at market prices, shares purchased under the scheme remain blocked during a two year vesting period. Xstrata AG Group then allocates options in proportion to shares purchased. The stock options have a two year vesting period followed by a three year exercise period.

The movement in number of share options and the amounts outstanding at each year end are as follows:

Scheme	Exercise price	At 1 January 1999	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 1999
2001	CHF 432.45	–	–	–	–	–
2000	CHF 336.85	–	–	–	–	–
1998	CHF 194.70	91,335	–	–	(2,700)	88,635
		91,335	–	–	(2,700)	88,635
Scheme	Exercise price	At 1 January 2000	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2000
2001	CHF 432.45	–	–	–	–	–
2000	CHF 336.85	–	49,245	–	–	49,245
1998	CHF 194.70	88,635	–	(71,955)	–	16,680
		88,635	49,245	(71,955)	–	65,925

## Part VI Financial information – Accountants' Report on the Xstrata AG Group

### 33. Stock option incentive plan and board of directors' remuneration (continued)

At the date of exercise, Xstrata AG's share price was CHF422 per share. Accordingly, a gain of CHF16.4 million (US\$ 9.7 million) was realised.

Scheme	Exercise price	At 1 January 2001 No.	Granted during the year No.	Exercised during the year No.	Lapsed during the year No.	At 31 December 2001 No.
2001	CHF 432.45	–	40,785	–	(6,772)	34,013
2000	CHF 336.85	49,245	–	–	(3,470)	45,775
1998	CHF 194.70	16,680	–	–	–	16,680
		65,925	40,785	–	(10,242)	96,468

The options are exercisable between the following dates:

2001 scheme 31 January 2003 and 31 January 2006;

2000 scheme 31 January 2002 and 31 January 2005;

1998 scheme 11 September 2000 and 11 September 2003;

As at 31 December 2001, Xstrata AG held 120,043 shares (2000: 122,470 shares; 1999: 144,420 shares) to hedge its exposure under these stock option plans.

Yours faithfully



Ernst & Young LLP

# Part VI Financial information – Accountants’ Report on the Enex Group

12.6



The Directors  
Xstrata plc  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

J.P. Morgan plc  
125 London Wall  
London EC2Y 5AJ

20 March 2002

Dear Sirs

## ENEX RESOURCES LIMITED (“ENEX”) AND ITS SUBSIDIARIES AND ASSOCIATES AND GLENCORE OVERSEAS AG (THE “ENEX GROUP”)

### 1. Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the listing particulars dated 20 March 2002 (the “Listing Particulars”) of Xstrata plc (“Xstrata”).

Enex was incorporated on 9 April 1998 in Australia as a proprietary limited company with the name Lemonshire Pty Limited. On 22 May 1998, its name was changed to Glencore Coal Holdings Proprietary Limited and on 15 June 2001 converted to a public company with the name Glencore Coal Holdings Limited. Subsequently it changed its name to Enex Resources Limited on 17 July 2001. On 30 April 1998, Glencore Overseas AG subscribed for the entire issued share capital of Enex, the holding company of the Enex Group. Glencore Overseas AG, Enex and its subsidiaries, are referred to as the Enex Group.

### Basis of preparation

Glencore Overseas AG did not prepare consolidated financial statements and therefore the financial information set out on pages 157 to 189 is based on the financial statements of Glencore Overseas AG and the Enex Group for the three years ended 31 December 2001 and has been prepared on the basis set out on page 161, after making such adjustments as considered necessary. Enex prepares its consolidated financial statements in Australian Dollars and in accordance with Australian Generally Accepted Accounting Principles. Adjustments have been made to present the financial information in the Group’s reporting currency, US Dollars and in accordance with Generally Accepted Accounting Practice in the United Kingdom (“UK GAAP”).

### Responsibility

Such financial statements are the responsibility of the directors of Glencore Overseas and Enex who approved their issue.

The directors of Xstrata are responsible for the contents of the Listing Particulars in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

### Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements of the Enex Group underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Enex Group’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

### Opinion

In our opinion, the financial information gives, for the purposes of the Listing Particulars, a true and fair view of the state of affairs of the Enex Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended. <sup>6.A.5</sup>

## Part VI Financial information – Accountants’ Report on the Enex Group

### 2. Consolidated Profit and Loss Accounts

	Notes	Year ended 31 December		
		1999 US\$000	2000 US\$000	2001 US\$000
<b>TURNOVER</b>				
Continuing operations		94,703	189,508	291,199
Acquisitions		57,717	–	371,152
		152,420	189,508	662,351
Net operating costs	6.3	(146,387)	(179,553)	(506,717)
<b>OPERATING PROFIT</b>	6.4	6,033	9,955	155,634
Continuing operations		(1,616)	9,955	61,896
Acquisitions		7,649	–	93,738
		6,033	9,955	155,634
Share of operating profit in associate	6.2	–	2,254	(466)
<b>TOTAL OPERATING PROFIT</b>		6,033	12,209	155,168
Profit/(loss) on disposal of tangible fixed assets		(11)	133	1,479
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		6,022	12,342	156,647
Income from investments		–	–	760
Interest receivable and similar income		968	5,595	1,100
Interest payable and similar charges	6.7	(770)	(269)	(7,537)
Translation of exchange difference on US dollar loan included in the Australian financial statements		(915)	(34,696)	(29,473)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6.2	5,305	(17,028)	121,497
Tax on profit on ordinary activities	6.8	(2,413)	1,123	(23,561)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,892	(15,905)	97,936
Minority interests		–	–	(13,195)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		2,892	(15,905)	84,741
<b>Earnings/(loss) per share – basic and diluted (US\$000)</b>	6.9	1,446	(7,953)	42,371

#### NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the profit as reported and that which would be reported under the historical cost basis.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 3. Statement of Total Recognised Gains and Losses

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Profit/(loss) for the year	2,892	(15,905)	84,741
Exchange difference arising upon translation	197	(1,820)	(3,421)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>3,089</b>	<b>(17,725)</b>	<b>81,320</b>

### Reconciliation of Shareholders’ Funds

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Total recognised gains and losses	3,089	(17,725)	81,320
Total movements during the year	3,089	(17,725)	81,320
Shareholders’ funds/(deficit) at 1 January	2,150	5,239	(12,486)
<b>Shareholders’ funds/(deficit) at 31 December</b>	<b>5,239</b>	<b>(12,486)</b>	<b>68,834</b>

## Part VI Financial information – Accountants’ Report on the Enx Group

### 4. Consolidated Balance Sheets

	Notes	At 31 December		At 31 December		At 31 December	
		US\$000	1999 US\$000	US\$000	2000 US\$000	US\$000	2001 US\$000
<b>FIXED ASSETS</b>							
Tangible assets	6.10		196,994		249,285		640,946
Investments	6.11		166		115,479		19,970
			197,160		364,764		660,916
<b>CURRENT ASSETS</b>							
Stocks	6.13	19,687		21,423		56,777	
Debtors: amounts falling due within one year	6.14	14,904		30,413		68,093	
Debtors: amounts falling due after more than one year	6.14	8,074		10,338		21,420	
Cash at bank and in hand	6.22(b)	32,852		27,683		42,804	
		75,517		89,857		189,094	
<b>CREDITORS: amounts falling due within one year</b>	6.15	(34,737)		(39,633)		(100,179)	
<b>NET CURRENT ASSETS</b>			40,780		50,224		88,915
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			237,940		414,988		749,831
<b>CREDITORS: amounts falling due after more than one year</b>	6.16		(215,801)		(373,642)		(521,149)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	6.19		(16,900)		(43,112)		(80,701)
			5,239		(1,766)		147,981
<b>MINORITY INTERESTS</b>							
Equity			–		(10,720)		(79,147)
			5,239		(12,486)		68,834
<b>CAPITAL AND RESERVES</b>							
Called up share capital	6.20		–		–		–
Foreign currency translation reserve	6.21		197		(1,623)		(5,044)
Profit and loss account	6.21		5,042		(10,863)		73,878
			5,239		(12,486)		68,834

## Part VI Financial information – Accountants' Report on the Enex Group

### 5. Statement of Consolidated Cash Flows

	Notes	Year ended 31 December		
		1999 US\$000	2000 US\$000	2001 US\$000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	6.22(a)	19,037	8,958	137,821
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		966	3,762	4,637
Interest paid		(693)	(211)	(6,535)
Interest element of finance lease rental payments		(75)	(57)	(747)
Dividends received		6	6	760
		204	3,500	(1,885)
<b>TAXATION</b>				
Tax paid		-	-	(493)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Payments to acquire tangible fixed assets		(5,188)	(3,141)	(30,528)
Receipts from sales of tangible fixed assets		160	133	3,509
Payments to acquire investments		-	-	(2,347)
Receipts from sales of investments		-	-	-
Loans to associated parties		-	(2,004)	(6,254)
		(5,028)	(5,012)	(35,620)
<b>ACQUISITIONS AND DISPOSALS</b>				
Purchase of subsidiary undertakings	6.11	(32,935)	(198,964)	(173,788)
		(32,935)	(198,964)	(173,788)
<b>MANAGEMENT OF LIQUID RESOURCES</b>				
Decrease/(increase) in short-term deposits	6.22(b)	(25,071)	(4,343)	6,803
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(43,793)	(195,861)	(67,162)
<b>FINANCING</b>				
Issue of ordinary share capital		-	-	-
Share issue costs		-	-	-
Receipts of long-term loans from controlling parties		99,365	173,409	-
New long-term loans		-	18,381	229,440
Repayment of long-term loans		(56,441)		(143,487)
Repayments of capital element of finance leases and hire purchase contracts		(343)	(556)	5,541
		42,581	191,234	91,494
<b>(DECREASE)/INCREASE IN CASH</b>	6.22(b)	(1,212)	(4,627)	24,332
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>				
		Year ended 31 December		
	Notes	1999 US\$000	2000 US\$000	2001 US\$000
<b>(Decrease)/increase in cash</b>		<b>(1,212)</b>	<b>(4,627)</b>	<b>24,332</b>
Cash (inflow)/outflow from increase in loans – controlling entity		(99,365)	(173,409)	143,487
Cash (inflow)/outflow from increase in loans – other		56,441	(16,377)	(229,440)
Cash (inflow)/outflow from increase in finance leases		343	556	(5,541)
Cash (inflow)/outflow from short-term deposits		25,071	4,343	(6,803)
Change in net debt resulting from cash flows		(18,722)	(189,514)	(73,965)
Exchange differences		(5,837)	(4,682)	24,509
Loans (acquired)/disposed of with operations		(78,152)	26,777	(98,973)
<b>MOVEMENT IN NET DEBT</b>		<b>(102,711)</b>	<b>(167,419)</b>	<b>(148,429)</b>
<b>NET DEBT AT 1 JANUARY</b>	6.22(b)	<b>(76,530)</b>	<b>(179,241)</b>	<b>(346,660)</b>
<b>NET DEBT AT 31 DECEMBER</b>	6.22(b)	<b>(179,241)</b>	<b>(346,660)</b>	<b>(495,089)</b>

# Part VI Financial information – Accountants’ Report on the Enex Group

## 6. Notes to the Financial Information

### 1. Accounting Policies

#### Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards including early adoption of Financial Reporting Standard 19; Deferred Taxation. The financial information is based upon the consolidated financial statements of Enex.

#### Translation of financial statements

The functional currency of the Enex Group is the Australian dollar. The accounts have been translated into US dollars by converting the profit and loss account at the average rate for the reporting period and the balance sheet at the rate on the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. The exchange rates applied are set out below.

#### Basis of Consolidation

The financial information consolidates the accounts of Enex and all its subsidiary undertakings (“subsidiaries”) for the three years ended 31 December 2001.

The financial results and net assets of Enex and Glencore Overseas AG have been aggregated in order to present the combined financial information of the Enex Group. The assets and liabilities of the combined Enex Group are consolidated using book values and all profits and losses of both Enex and Glencore Overseas have been consolidated as if the combined Enex Group had always existed.

All subsidiary undertakings acquired have been included in the Enex Group accounts using the acquisition method of accounting. Accordingly, the consolidated profit and loss account and statement of cash flows include the results and cash flows of these acquired entities from the date of acquisition. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

Entities, other than subsidiary undertakings or joint ventures, in which the Enex Group has a participating interest and over whose operating and financial policies the Enex Group exercises a significant influence are treated as associates. In the Enex Group accounts, associates are accounted for using the equity method.

The Enex Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Enex Group includes its share of assets, liabilities and cash flows measured in accordance with the terms of the arrangement.

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the date of transaction or, where forward cover contracts have been arranged, at contractual rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates, or at a contractual rate if applicable.

Gains and losses on hedging transactions intended to hedge specific sales of goods are included in the measurement of the sale in the same period in which the revenues or costs from the hedged transaction are recorded.

On consolidation, profit and loss account items are translated at average rates of exchange. Balance sheet items are translated at year end exchange rates.

All exchange differences (other than as described above) are charged or credited to the profit and loss account in the year in which they arise.

The following exchange rates have been applied:

Currency rates (US\$1)	31 December 1999	Average 1999	31 December 2000	Average 2000	31 December 2001	Average 2001
Australian dollars (A\$)	1.5310	1.5498	1.7974	1.7255	1.9556	1.9352

#### Turnover

Revenue is recognised when all significant risks and rewards of ownership of the asset sold are transferred. Certain sales are initially recognised at estimated sales value when the product is shipped. Adjustments are made for variations in coal price, quality and weights between the time of shipment and the final settlement of sale proceeds.

#### Cost of sales

Cost of sales represents material cost, determined by means of either the weighted average or first in first out (FIFO) method, and by applying full absorption costing of manufacturing overheads, plus any other costs directly attributable to the acquisition of materials.

## Part VI Financial information – Accountants’ Report on the Enex Group

### Tangible fixed assets

#### Mineral properties

Mineral properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which the mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are thereby established, other such expenditure is classified as part of the cost of production.

Amortisation is provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. Development costs still to be incurred in relation to the current reserves are included in the amortisation calculation.

#### Land and buildings, plant and machinery

The cost of each item of buildings, machinery and equipment are written off over its expected useful life to the consolidated entity. Either the units-of-production or straight-line method may be used. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable reserves. Each item’s economic life has due regard to both its own physical life limitations and to present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items.

The expected useful lives are as follows:

Mine Buildings	the shorter of applicable mine life and 40 years;
Machinery and equipment	the shorter of applicable mine life and 5-15 years depending on the nature of the asset.

In all categories, the depreciation methods used are those which most accurately reflect the pattern of consumption of economic benefits.

Total net carrying value of mine buildings, machinery and equipment at each mine property are reviewed regularly and, to the extent to which these values exceed their recoverable amounts, that excess is fully provided against/written down in the financial year in which this is determined.

#### Exploration and evaluation expenditure

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. Exploration expenditure which fails to meet at least one of the conditions outlined above is written-off.

Identifiable exploration and evaluation assets acquired from another mining company are recognised as assets at their cost of acquisition. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

#### Impairment

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on income generating units (“IGU”).

If the carrying amount of a fixed asset exceeds the recoverable amount, a provision is recorded to reflect the asset at the lower amount. In assessing recoverable amount for property, plant and equipment and investments, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal have been discounted to their present value using a market-determined, risk-adjusted discount rate.

#### Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Enex Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

## Part VI Financial information – Accountants’ Report on the Enex Group

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition stock is categorised as follows:

- Raw materials and consumables: Materials, goods or supplies (including energy sources) to be either directly or indirectly consumed in the production process.
- Work in progress: Items stored in an intermediate state that have not yet passed through all stages of production.
- Finished goods: Products and materials that have passed all stages of the production process.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### Provisions for liabilities and charges

Provisions are recognised when the Enex Group has a present obligation, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle such an obligation.

#### *Environmental protection, rehabilitation and closure costs*

Provision is made for close down, restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs, based on the estimated future costs. The provision is discounted where material and the unwinding of the discount is shown a finance cost in the profit and loss account. At the time of establishing the provision, a corresponding asset is capitalised and depreciated over future production from the mine to which it relates.

The provision is reviewed on an annual basis for changes in cost estimates or lives of operations.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- where fixed assets have been revalued, provision is made for deferred tax only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Pensions and other post-retirement obligations

The Enex Group operates a number of pension plans, the assets of which are (where funded) generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Enex Group companies, taking account of the recommendation of independent qualified actuaries. The Enex Group’s contributions to its defined contribution pension plans are charged to the profit and loss account in the year to which they relate.

### Employee Entitlements

#### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees’ services up to that date.

#### *Long service leave*

Funding of long service leave entitlements for mine staff is administered by the Coal Mining Industry Long Service Leave (Funding) Corporation (“the Fund”). A liability for long service leave is recognised, where the Fund is in deficit and is based on expected future payments to be made to the Fund in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted, where material, using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

## **Part VI Financial information – Accountants’ Report on the Enex Group**

The Fund collects levies from employers in the coal industry sufficient to finance the expected cost of long service leave liabilities. When employers make long service leave payments to mine staff, the Fund reimburses the employer for most of the payment. To reflect the expected reimbursement for future long service leave payments from the Fund, a current and non-current receivable is booked at the present value of future amounts expected to be reimbursed.

### **Financial instruments**

#### **Measurement**

Financial instruments are initially measured at cost, including transaction costs.

#### **Investments**

Investments, other than investments in subsidiaries and associates are measured at cost less accumulated impairment losses.

#### **Other financial assets**

Other financial assets originated by the Enex Group are stated at cost less a provision for doubtful debts.

#### **Financial liabilities**

Loans are recognised at inception at the fair value of the proceeds received net of issue costs. The finance cost recognised in the profit and loss account is allocated to a period over the term of the loan at a constant rate on the carrying amount.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 2. Turnover and Segmental Analysis

Turnover represents the amounts derived from the provision of commodities and services which fall within the Enex Group’s ordinary activities, stated net of value added tax.

The Enex Group operates solely in one industry sector, being the mining industry in Australia.

The results of all of the acquired entities relate to mining industry activities within Australia.

Turnover, group profit on ordinary activities before tax are analysed as follows:

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
<b>TURNOVER</b>			
Continuing	152,420	189,508	<b>662,351</b>
	152,420	189,508	<b>662,351</b>
<b>Turnover of acquired entities included in the above</b>	57,717	–	<b>371,152</b>
Turnover of the following acquisitions are included in the above:			
Oceanic Coal Australia Ltd	37,820	–	–
Enex Liddell Pty Ltd	19,897	–	–
Oakbridge Pty Ltd	–	–	<b>229,730</b>
Ulan Coal Mines Limited	–	–	<b>128,840</b>
United Collieries Pty Ltd	–	–	<b>12,582</b>
<b>Turnover by destination</b>			
Europe	9,145	9,097	<b>19,871</b>
Asia	124,985	156,439	<b>556,374</b>
Australia	18,290	23,972	<b>86,106</b>
	152,420	189,508	<b>662,351</b>
<b>PROFIT</b>			
Segment profit:			
Continuing operations	6,033	9,955	<b>155,634</b>
	6,033	9,955	<b>155,634</b>
Share of profit before tax of associated undertakings	–	2,254	<b>(466)</b>
Operating profit/(loss)	6,033	12,209	<b>155,168</b>
Net interest and income from investments	198	5,326	<b>(5,677)</b>
Profit on disposal of tangible assets	(11)	133	<b>1,479</b>
Exchange difference on translation of US dollar loan included in the Australian financial statement	(915)	(34,696)	<b>(29,473)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	5,305	(17,028)	<b>121,497</b>
Operating profit of acquisitions included in the above:			
Oceanic Coal Australia Ltd	4,834	–	–
Enex Liddell Pty Ltd	2,815	–	–
Oakbridge Pty Ltd	–	–	<b>52,374</b>
Ulan Coal Mines Limited	–	–	<b>38,902</b>
United Collieries Pty Ltd	–	–	<b>2,462</b>

All the Enex Group’s turnover originates in Australia.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 3. Net Operating Expenses

	Year ended 31 December 1999		Year ended 31 December 2000		Year ended 31 December 2001	
	Continuing US\$000	Total US\$000	Continuing US\$000	Total US\$000	Continuing US\$000	Total US\$000
Cost of sales	119,508	119,508	154,616	154,616	382,364	382,364
Distribution costs	26,879	26,879	28,461	28,461	127,336	127,336
Exchange difference on repayment of receivable	-	-	(3,524)	(3,524)	-	-
Other operating income	-	-	-	-	(2,983)	(2,983)
<b>Net operating costs</b>	<b>146,387</b>	<b>146,387</b>	<b>179,553</b>	<b>179,553</b>	<b>506,717</b>	<b>506,717</b>
Gross profit	32,912	32,912	34,892	34,892	279,987	279,987

Cost of sales includes commissions paid to Glencore International AG, the ultimate controlling entity, of US\$8,122,000 in 1999, US\$7,888,000 in 2000 and US\$6,516,000 in 2001.

The total figures for continuing operations in 1999 include the following amounts relating to the acquisition of Oceanic Coal Australia Ltd: cost of sales US\$26,586,000 and net operating costs US\$5,410,000.

The total figures for continuing operations in 1999 include the following amounts relating to the acquisition of Enex Liddell Pty Ltd: cost of sales US\$13,786,000 and net operating costs US\$4,286,000.

The total figures for continuing operations in 2001 include the following amounts relating to the acquisition of Oakbridge Pty Ltd: costs of sales US\$139,374,000; net operating costs US\$37,349,000.

The total figures for continuing operations in 2001 include the following amounts relating to the acquisition of Ulan Coal Mines Limited: cost of sales US\$56,716,000; net operating costs US\$33,223,000.

The total figures for continuing operations in 2001 include the following amounts relating to the acquisition of United Collieries Pty Limited: cost of sales US\$8,412,000; net operating costs US\$2,340,000.

### 4. Operating profit

This is stated after charging/(crediting):

	Year ended 31 December		
	1999 US\$000	2000 US\$000	2001 US\$000
Auditors’ remuneration – audit services	97	103	237
Depreciation			
Plant and equipment and mine development	5,571	7,997	19,183
Depreciation of assets held under finance leases and hire purchase contracts	148	240	2,329
Buildings	187	265	474
Mining leases	170	609	21,094
	6,076	9,111	43,080
Royalty Payments	9,377	6,850	18,733
Operating lease rentals	899	896	1,652
Amounts charged to provisions:			
Restoration, rehabilitation and environment	670	664	1,518

## Part VI Financial information – Accountants’ Report on the Enex Group

### 5. Directors’ Emoluments

#### *Directors’ remuneration and pension entitlements*

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Basic salary and fees	56	365	320
Benefits	3	19	14
Performance related bonuses	13	23	14
	72	407	348

Enex only commenced paying amounts to directors from November 1999. Prior to this time the directors were remunerated by Glencore Australia, a wholly owned subsidiary of Glencore International AG. These amounts were then recharged to Enex.

The remuneration and pension entitlements of the highest paid director are as follows:

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Basic salary and fees	32	222	232
Benefits	2	4	9
	34	226	241

### 6. Staff Costs

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Wages and salaries	27,157	32,249	69,007
Pension costs	3,800	4,582	3,043
	30,957	36,831	72,050

The number of employees at the year end was made up as follows:

	Year ended 31 December 1999	Year ended 31 December 2000	Year ended 31 December 2001
Mining	595	595	1,290
Administration	138	135	315
	733	730	1,605

6.D.10

### 7. Interest Payable and Similar Charges

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Bank loans and overdrafts	–	–	4,591
Finance charges payable under finance leases and hire purchase contracts	75	57	747
Interest payable – other	695	212	2,199
	770	269	7,537

## Part VI Financial information – Accountants’ Report on the Enex Group

### 8. Tax on Profit on Ordinary Activities

Enex is incorporated in Australia and is subject to taxation under the Australian tax regime.

The taxation charge / (benefit) is made up as follows:

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Foreign tax			
Current tax on income for the period	–	(936)	(4,958)
Adjustment in respect of prior years	–	1,046	–
Deferred tax:			
Originating and reversing timing differences	(2,037)	620	(18,794)
Effect of change in tax rate	(376)	393	191
<b>Total tax (charge)/credit on profit on ordinary activities</b>	<b>(2,413)</b>	<b>1,123</b>	<b>(23,561)</b>

The statutory tax provision at the applicable statutory rate is generally calculated on the basis of pre-tax earnings or losses and the applicable statutory tax rates. The difference between the effective provision for income tax and the statutory tax provision at the applicable statutory tax rate is reconciled as follows:

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Statutory provision for tax at applicable statutory rate*	(1,910)	5,790	(36,449)
Prior period adjustment	–	1,046	–
Permanent differences	126	1,655	(2,878)
Timing differences not previously recognised	(1,063)	(7,584)	15,546
Movement in deferred tax provision	2,413	(1,013)	18,603
Reduction in tax rate	434	399	191
Other	–	(183)	29
<b>Effective provision for tax</b>	<b>–</b>	<b>110</b>	<b>(4,958)</b>

\* Applicable statutory tax rates by period are: 1999 – 36%, 2000 – 34%, 2001 – 30%.

Deferred tax assets and liabilities for 2001, 2000 and 1999 reflect the impact of timing differences between amounts of assets and liabilities for financial reporting purposes and the amounts of such assets and liabilities as measured for tax purposes.

### 9. Earnings Per Ordinary Share

The calculation of earnings per ordinary share is based on earnings of US\$42,370,500 (2000 US\$(7,952,500); 1999 US\$1,446,000) and on two ordinary shares, being the total number of ordinary shares in issue during the year.

There is no difference between the calculation of ordinary and diluted earnings per share.

## Part VI Financial information – Accountants’ Report on the Enx Group

### 10. Tangible Fixed Assets

	Mineral properties US\$000	Land and buildings US\$000	Plant and machinery US\$000	Total US\$000
Cost:				
At 1 January 2000	30,514	25,932	213,442	269,888
Exchange adjustment	(5,824)	(3,894)	(33,799)	(43,517)
Additions	–	–	3,141	3,141
Disposals	–	–	(116)	(116)
Acquired/(disposed of) with operations	61,701	945	27,172	89,818
At 1 January 2001	86,391	22,983	209,840	319,214
Exchange adjustment	(7,670)	(2,041)	(17,910)	(27,621)
Additions	6,232	391	23,905	30,528
Reclassification	(68,260)	(3,033)	71,293	–
Disposals	(83)	(163)	(12,171)	(12,417)
Acquired/(disposed) of with operations	240,402	15,974	170,315	426,691
<b>At 31 December 2001</b>	<b>257,012</b>	<b>34,111</b>	<b>445,272</b>	<b>736,395</b>
Depreciation:				
At 1 January 2000	282	2,604	70,008	72,894
Exchange adjustment	(85)	(398)	(11,477)	(11,960)
Provided during the year	1,085	265	7,761	9,111
Disposals	–	–	(116)	(116)
Acquired/(disposed) of with operations	–	–	–	–
At 1 January 2001	1,282	2,471	66,176	69,929
Exchange adjustment	(108)	(209)	(6,856)	(7,173)
Provided during the year	20,847	474	21,759	43,080
Reclassification	(2,874)	–	2,874	–
Disposals	(2,650)	(4)	(7,733)	(10,387)
Acquired/(disposed of with operations)	–	–	–	–
<b>At 31 December 2001</b>	<b>16,497</b>	<b>2,732</b>	<b>76,220</b>	<b>95,449</b>
<b>Net book value at 31 December 2001</b>	<b>240,515</b>	<b>31,379</b>	<b>369,052</b>	<b>640,946</b>
<b>Net book value at 31 December 2000</b>	<b>85,109</b>	<b>20,512</b>	<b>143,664</b>	<b>249,285</b>
<b>Net book value at 1 January 2000</b>	<b>30,232</b>	<b>23,328</b>	<b>143,434</b>	<b>196,994</b>

The net book value of land and buildings comprises:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Other properties at cost:		
Long leasehold	20,512	31,379
Short leasehold	–	–
	20,512	31,379

## Part VI Financial information – Accountants' Report on the Enex Group

### 10. Tangible Fixed Assets (continued)

Included in the amounts for plant and machinery above are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	<b>US\$000</b>
Cost:	
At 1 January 2000	2,611
Exchange adjustment	(472)
Acquisition of subsidiary undertaking	2,083
At 1 January 2001	4,222
Exchange adjustment	(753)
Additions	6,049
Disposals	(1,255)
Acquisition of subsidiary undertaking	37,605
Reclassification	(2,739)
<b>At 31 December 2001</b>	<b>43,129</b>
Depreciation:	
At 1 January 2000	(1,661)
Exchange adjustment	246
Acquisition of subsidiary undertaking	(941)
Depreciation provided during the year	(239)
At 1 January 2001	(2,595)
Exchange adjustment	210
Depreciation provided during the year	(2,329)
Disposals	1,224
Reclassification	1,007
<b>At 31 December 2001</b>	<b>(2,483)</b>
<b>Net book value at 31 December 2001</b>	<b>40,646</b>
<b>Net book value at 31 December 2000</b>	<b>1,627</b>
<b>Net book value at 1 January 2000</b>	<b>950</b>

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Associated undertakings (a)	56,712	–
Loans to associated undertakings (b)	58,575	6,190
	115,287	6,190
Other fixed asset investments (c)	192	13,780
	115,479	19,970

#### (a) Associated undertakings

	Share of net assets US\$000
At 1 January 2000	
Investments in associated undertakings acquired	59,617
Share of profit retained by associated undertaking	2,254
Effect of foreign exchange rate variations	(5,159)
At 1 January 2001	56,712
Share of profit retained by associated undertakings	(466)
Reclassification to subsidiary undertakings	(56,246)
<b>At 31 December 2001</b>	<b>–</b>

As part of the acquisition of GC Coal Company, Enex acquired a 48% interest (held by GC Coal Company) in the share capital of Oakbridge Pty Ltd on 9 March 2000. Oakbridge Pty Ltd operates in the coal mining industry. The consideration for the acquisition of a 48% interest in Oakbridge Pty Ltd was a component amounting to A\$98.1m (US\$59.6m) of the consideration paid on the acquisition of GC Coal Company (see note 11(d)(iii)). On 31 March 2001, a further 18.5% was acquired and Oakbridge is consolidated as a subsidiary undertaking from this time (see note 11(d) on acquisition of Oakbridge Pty Ltd). 6.D.11

During the year ending 31 December 2000 Oakbridge earned revenues of US\$247.7 million, generating a loss of US\$16.6 million with no tax being charged, and at 31 December 2000 Oakbridge had fixed assets of US\$274.3 million, current assets of US\$63.7 million, and current liabilities of US\$114.1 million and non-current liabilities of US\$167.2 million.

Enex acquired a 50% interest in Cook Resources Pty Limited on 6 August 2001. The consideration for the acquisition was A\$1. In addition, Enex, as part of the acquisition, advanced a loan to Cook Resources Pty Limited for US\$6,190,000. 6.D.11

#### (b) Loans to associated undertakings

As at 31 December 2000 the Enex Group had a loan to an associated undertaking, Oakbridge Pty Limited, for an amount of US\$58,575,000. During 2001, a further 18.5% was acquired and Oakbridge is consolidated as a subsidiary undertaking from this time.

As at 31 December 2001, the group has a loan to an associated undertaking, Cook Resources Pty Limited, for an amount of US\$6,190,000.

#### (c) Other fixed asset investments

	2000 US\$000	2001 US\$000
Cost:		
At 1 January	166	192
Additions	53	13,602
Effect of foreign exchange rate variations	(27)	(14)
<b>At 31 December</b>	<b>192</b>	<b>13,780</b>

Enex acquired shares in Newcastle Coal Shippers Pty Limited and Port Waratah Coal Services Limited as part of the acquisition of subsidiary undertakings.

## Part VI Financial information – Accountants' Report on the Enex Group

### 11. Investments (continued)

Details of the principle investments as at 31 December 2001 in which the Group or Enex holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>			
All held by the company unless indicated.			
All undertakings are incorporated in Australia			
Enex Coal Pty Limited	Ordinary shares	100%	Mining
Hunter Valley Coal Corporation Pty Limited	Ordinary shares	100%	Mining
Budroll Pty Limited	Ordinary shares	100%	Mining
Oceanic Coal Australia Limited.	Ordinary shares	100%	Mining
OCAL Macquarie Pty Limited	Ordinary shares	100%	Mining
Macquarie Coal Marketing Pty Limited	Ordinary shares	80%	Mining
Enex Liddell Pty Limited	Ordinary shares	100%	Mining
Gabume Pty Limited	Ordinary shares	100%	Mining
Liddell Coal Loader Pty Limited	Ordinary shares	100%	Mining
Liddell Power Generation Sales Pty Limited	Ordinary shares	67.5%	Mining
Liddell Coal Preparation Pty Limited	Ordinary shares	67.5%	Mining
Liddell Tenements Pty Limited	Ordinary shares	67.5%	Mining
Liddell Coal Marketing Pty Limited	Ordinary shares	67.5%	Mining
Liddell Collieries Pty Limited	Ordinary shares	67.5%	Mining
Liddell Southern Tenements Pty Limited	Ordinary shares	67.5%	Mining
Enex Foydell Limited	Ordinary shares	100%	Mining
Glendell Tenements Pty Limited	Ordinary shares	67.5%	Mining
Liddell Coal Operations Pty Limited	Ordinary shares	100%	Mining
Foybrook Tenements Pty Limited	Ordinary shares	67.5%	Mining
Enex Togara Pty Limited	Ordinary shares	100%	Mining
Enex Oakbridge Pty Limited	Ordinary shares	100%	Mining
Oakbridge Pty Limited	Ordinary shares	66.53%	Mining
Coalex Holdings Pty Limited	Ordinary shares	100%	Mining
Coalex Sales Pty Limited	Ordinary shares	100%	Mining
The Lithgow Valley Colliery Company	Ordinary shares	100%	Mining
The Wallerawang Collieries Limited	Ordinary shares	95%	Mining
Oakwell Pty Limited	Ordinary shares	100%	Mining
The Newcastle Wallsend Coal Company Limited	Ordinary shares	100%	Mining
Saxonvale Coal Pty Limited	Ordinary shares	100%	Mining
Sybotia Pty Limited	Ordinary shares	100%	Mining
Tagus Holdings Pty Limited	Ordinary shares	100%	Mining
Tagus Properties Pty Limited	Ordinary shares	100%	Mining
Miniere Mining Pty Limited	Ordinary shares	100%	Mining
Genders Mining Pty Limited	Ordinary shares	100%	Mining
Bulga Coal Sales Pty Limited	Ordinary shares	100%	Mining
Saxonvale Coal Sales Pty Limited	Ordinary shares	100%	Mining
Bulga Coal Pty Limited	Ordinary shares	100%	Mining
Bulga Coal Management Pty Limited	Ordinary shares	100%	Mining
Mcllwraith McEacharn Pty Limited	Ordinary shares	100%	Mining
Mcllwraith McEacharn Operations Pty Ltd	Ordinary shares	100%	Mining
Associated Steamships Pty Limited	Ordinary shares	100%	Mining
Mcllwraith Mining Pty Limited	Ordinary shares	100%	Mining
ACN 080 803 461 Pty Limited	Ordinary shares	100%	Mining
Cumnock Coal Limited	Ordinary shares	81.23%	Mining
Cumnock Colliery (No 1) Pty Limited	Ordinary shares	100%	Mining
Jonsha Pty Limited	Ordinary shares	100%	Mining
Ulan Coal Mines Limited	Ordinary shares	90%	Mining
Enex Ulan Pty Limited	Ordinary shares	100%	Mining
Owljura Pty Limited	Ordinary shares	100%	Mining
Gila Pty Limited	Ordinary shares	100%	Mining
Hadenis Pty Limited	Ordinary shares	100%	Mining
Vistajura Pty Limited	Ordinary shares	100%	Mining
Abelshore Pty Limited	Ordinary shares	100%	Mining
United Collieries Pty Limited	Ordinary shares	95%	Mining
United Coal Sales Pty Limited	Ordinary shares	95%	Mining
Winarch Pty Limited	Ordinary shares	100%	Mining
Jerrys Plains Coal Terminal Pty Limited	Ordinary shares	100%	Mining

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments (continued)

#### Associated undertakings

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<b>2000</b>			
Oakbridge Pty Ltd	Ordinary shares	48%	Mining
<b>2001</b>			
Cook Resources Pty Limited	Ordinary shares	50%	Mining

#### (d) Acquisition of subsidiary undertakings

##### (i) GA Group (now Enex Liddell Pty Ltd, Enex Foydell Pty Ltd and Enex Togara Pty Ltd)

In June 1999, the Enex Group acquired 100% of the GA Group of companies for a consideration of US\$44,165,000 (A\$68,447,000). The investment has been included in the company’s balance sheet at its fair value at the date of acquisition which management considered to be equivalent to its book value. 6.D.11

Analysis of the acquisition of the GA Group:

##### Net assets at date of acquisition:

	Book value US\$000	Revaluation US\$000	Adjustments Other US\$000	Fair value to group US\$000
Tangible fixed assets	45,743	(839)	–	44,904
Stocks	3,850	–	–	3,850
Debtors	6,528	–	–	6,528
Mineral rights	–	–	–	–
Other assets / (liabilities)	(2,843)	–	–	(2,843)
Cash	133	–	–	133
Trade and other creditors	(6,972)	–	–	(6,972)
Borrowings	(1,435)	–	–	(1,435)
<b>Net assets</b>	<b>45,004</b>	<b>(839)</b>		<b>44,165</b>
Consideration				44,165
Less: Cash not acquired				(133)
<b>Net cash outflow from acquisition</b>				<b>44,032</b>

##### (ii) Oceanic Coal Australia Ltd

In July 1999, the Enex Group acquired 100% of the Oceanic Coal Australia Ltd group of companies for a consideration of US\$16,443,000 (A\$25,484,000) by the issue of a loan note to the value of US\$16,132,000 and cash. The investment in Oceanic Coal Australia Ltd has been included in Enex’s balance sheet at its fair value at the date of acquisition. 6.D.11

Analysis of the acquisition of Oceanic Coal Australia Ltd:

##### Net assets at date of acquisition:

	Book value US\$000	Revaluation US\$000	Adjustments Other US\$000	Fair value to group US\$000
Tangible fixed assets	57,525	–	–	57,525
Stocks	8,853	–	–	8,853
Debtors	7,016	–	–	7,016
Mineral rights	–	72	10,646(a)	10,718
Other assets / (liabilities)	3,169	–	–	3,169
Cash	11,410	–	–	11,410
Trade and other creditors	(10,379)	–	–	(10,379)
Borrowings	(61,223)	–	–	(61,223)
<b>Net assets</b>	<b>16,371</b>	<b>72</b>	<b>10,646</b>	<b>27,089</b>
Fair value of loan notes issued (see below)				26,778
Cash				311
Cash not acquired				(11,408)
<b>Net cash outflow / (inflow)</b>				<b>(11,097)</b>

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments (continued)

(a) In December 2000, Enex paid A\$41.5m (US\$26.8m) to HIH Insurance group to release a redeemable loan note previously recorded in the books at A\$25.0m (US\$16.1m). The redemption cost of A\$16.5m (US\$10.7m) has been recorded as an additional cost of acquisition.

Oceanic Coal Australia Ltd earned a profit after tax of US\$36.6 million in the period ended 2 July 1999. The summarised profit and loss account for the period 1 January 1999 to the date of acquisition is as follows:

	US\$000
Turnover	82,712
Operating profit/(loss) pre exceptional items and tax	(10,152)
Exceptional items	53,389
Profit before tax	43,237
Taxation	(6,624)
<b>Profit for the period ended 2 July 1999</b>	<b>36,613</b>

There were no recognised gains and losses in the six months ended 2 July 1999 other than the profit of US\$36.6 million above.

#### (iii) GC Coal Company (now known as Enex Oakbridge Pty Ltd)

In March 2000, the Enex Group acquired 100% of GC Coal Company (formerly Cyprus Australia Coal Company and now known as Enex Oakbridge Pty Ltd) for a consideration of US\$60,171,000 (A\$103,825,000). 6.D.11

Analysis of the acquisition of GC Coal Company (now Enex Oakbridge Pty Ltd):

#### Net assets at date of acquisition:

	Book value US\$000	Adjustments Revaluation US\$000	Fair value to group US\$000
Debtors	84,186	–	84,186
Investments in associated undertakings (a)	59,617	–	59,617
Other assets / (liabilities)	12,590	(11,909) (b)	681
Cash	156	–	156
Trade and other creditors	(110)	–	(110)
Borrowings	(24)	–	(24)
<b>Net assets</b>	<b>156,415</b>	<b>(11,909)</b>	<b>144,506</b>
Discharged by:			
Loans assumed			84,335
Net cash			60,171
Cash not acquired			(156)
<b>Net cash outflow/(inflow)</b>			<b>144,350</b>

(a) As part of the GC Coal Company acquisition, the Enex Group acquired a 48% interest in Oakbridge Pty Ltd. See also note 11(a). On 31 March 2001, a further 18.5% was acquired and Oakbridge is consolidated as a subsidiary undertaking from this time (see acquisition of Oakbridge Pty Ltd in note 11(d)(v) below).

(b) The reclassification represents the fair value adjustment required to write off the capitalised overburden carried by GC Coal at the time of acquisition.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments (continued)

#### (iv) Cumnock Coal Limited

On 15 December 2000, the Enex Group acquired 81.23% of the share capital of Cumnock Coal Limited for a consideration of US\$48,353,000 (A\$83,434,000) cash. The investment in Cumnock Coal Limited has been included in the company’s balance sheet at its fair value at the date of acquisition. <sup>6.D.11</sup>

Analysis of the acquisition of Cumnock Coal Limited:

#### Net assets at date of acquisition:

	Book value US\$000	Revaluation US\$000	Adjustments Other US\$000	Fair value to group US\$000
Tangible fixed assets	26,378	-	-	26,378
Stocks	2,733	-	-	2,733
Debtors	4,617	-	-	4,617
Mineral rights	-	28,496	-	28,496
Other assets / (liabilities)	32,515	(24,457) <sup>(a)</sup>	-	8,058
Cash	3,305	-	-	3,305
Trade and other creditors	(8,770)	-	-	(8,770)
Borrowings	(5,292)	-	-	(5,292)
Net assets	55,486	4,039	-	59,525
Outside equity interest		-	-	(11,172)
				48,353
Discharged by:				
Consideration – cash				48,353
Cash not acquired				(3,305)
<b>Net cash outflow/(inflow)</b>				<b>45,048</b>

(a) The revaluation adjustment relates to the provisioning for the out of the money hedge book held by Cumnock Coal Limited prior to the acquisition of US\$21,909,000 and the write-off of deferred expenditure of US\$2,548,000.

During the year ended 31 December 2000 Cumnock Coal Limited contributed US\$20,510,000 to the Enex Group’s operating cash flow, paid US\$517,000 in respect of net returns on investments and servicing of finance, US\$ nil in respect of taxation and utilised US\$415,000 for capital expenditure and financial investment.

Cumnock Coal Limited earned a profit after tax of US\$90,000 in the year ended 31 December 2000 (1999: US\$403,000). The summarised profit and loss account for the period 1 January 2000 to the date of acquisition is as follows:

	US\$000
Turnover	60,327
Profit before tax	241
Taxation	151
	90

There were no recognised gains and losses in the 11 months ended 15 December 2000 other than the profit above.

#### (v) Oakbridge Pty Ltd

On 31 March 2001, the Enex Group increased its shareholding in Oakbridge Pty Ltd from 48% (see notes 11(a) and 11(d)(iii)) to 66.53%. <sup>6.D.11</sup> The acquisition of the additional 18.53% was for a consideration of US\$58,908,000 (A\$114,000,000). Oakbridge Pty Ltd has been included in the consolidated balance sheet of the Enex Group at 31 December 2001.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments (continued)

Analysis of the acquisition of the additional 18.53% of Oakbridge Pty Limited:

#### Net assets at date of acquisition:

	Book value US\$000	Revaluation adjustment US\$000	Fair value to Group US\$000
Tangible fixed assets	190,682	–	190,682
Stocks	16,384	–	16,384
Debtors	7,719	–	7,719
Mineral rights	–	101,010	101,010
Other liabilities	(913)	–	(913)
Cash	4,875	–	4,875
Trade and other creditors	(33,051)	–	(33,051)
Borrowings	(115,682)	–	(115,682)
Net assets	70,014	101,010	171,024
Outside equity interest			(55,870)
Less: Enex share of net assets on an equity accounting basis at the date of acquisition of additional 18.53%	–	–	(56,246)
Consideration			58,908
Less: Cash not acquired			(4,875)
Discharged by:			
Cash			54,033

- (a) On 31 March 2001, Enex acquired the additional 18.53% interest in Oakbridge Pty Ltd for a consideration of US\$58.9 million.
- (b) During the year ended 31 December 2001 Oakbridge Pty Ltd contributed US\$43,215,000 to the Enex Group’s net operating cash flows, paid US\$4,895,000 in respect of returns on investments and servicing of finance and paid US\$ nil in respect of taxation and US\$13,606 in respect of capital expenditure.
- (c) Oakbridge Pty Ltd earned a loss after tax of US\$16,633,000 in the year ended 31 December 2000 (1999 loss: US\$30,911,000). The summarised profit and loss account for the period 1 January 2001 to the date of acquisition is as follows:

	US\$000
Turnover	110,950
Profit before tax	(971)
Taxation	–
	(971)

#### (vi) Ulan Coal Mines Limited

In February 2001, the Enex Group acquired 90% of the Ulan Coal Mines Joint Venture via its 100% owned subsidiaries Jonsha Pty Limited, Enex Ulan Pty Ltd, Gila Pty Limited and Vistajura Pty Limited, and 90% of Ulan Coal Mines Limited via its 100% owned subsidiaries Jonsha Pty Limited and Enex Ulan Pty Ltd. The acquisition was for consideration of US\$57,581,000 (A\$111,430,000). The investment of Ulan Coal Mines Limited has been included in Enex’s balance sheet at its fair value at the date of acquisition. <sup>6.D.11</sup>

## Part VI Financial information – Accountants’ Report on the Enex Group

### 11. Investments (continued)

Analysis of the acquisition of Ulan Coal Mines Limited:

**Net assets at date of acquisition:**

	Book value US\$000	Revaluation adjustment US\$000	Fair value to Group US\$000
Tangible fixed assets	73,682	–	73,682
Stocks	7,390	–	7,390
Debtors	2,207	–	2,207
Mineral rights	–	2,883	2,883
Other assets/liabilities	(9,750)	–	(9,750)
Cash	1,447	–	1,447
Trade and other creditors	(9,926)	–	(9,926)
Borrowings	(10,352)	–	(10,352)
Net assets	54,698	2,883	57,581
Consideration			57,581
Less: Cash not acquired			(1,447)
Discharged by:			
Cash			56,134

**United Collieries Pty Ltd**

During July 2001, the Enex Group completed the acquisition of 95% of the United Collieries Joint Venture, United Collieries Pty Ltd, and United Coal Sales Pty Limited via the acquisition of its 100% owned subsidiary Abelshore Pty Limited. The acquisition was for consideration of US\$42,600,000 (A\$82,439,000). The investment of United Collieries Pty Ltd has been included in the company's balance sheet at its fair value at the date of acquisition. 6.D.11

Analysis of the acquisition of United Collieries Pty Limited:

**Net assets at date of acquisition:**

	Book value US\$000	Revaluation adjustment US\$000	Fair value to Group US\$000
Tangible fixed assets	64,335	–	64,335
Stocks	1,813	–	1,813
Debtors	3,112	–	3,112
Cash	1,700	–	1,700
Trade and other creditors	(6,788)	1,149	(5,639)
Net assets	64,172	1,149	65,321
Consideration:			
Cash			42,600
Loans assumed			22,721
			65,321

The revaluation adjustment relates to accruals and provisions not assumed.

During the year ended 31 December 2000 United Collieries Pty Ltd generated revenues of US\$35.3 million, loss before tax of US\$3.5 million and a net loss of US\$3.2 million after receiving a tax credit of US\$0.3 million.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 12. Interests in Joint Ventures

The economic entity has interests in unincorporated joint ventures as follows:

Joint Venture	Principal Activities	Percentage Interest as at 31 December		
		1999	2000	2001
Macquarie Coal Joint Venture	Coal Mining	80.0%	80.0%	80.0%
Liddell Joint Venture	Coal Mining	67.5%	67.5%	67.5%
Foybrook Joint Venture	Coal Mining	67.5%	67.5%	67.5%
Glendell Joint Venture	Mine Development	67.5%	67.5%	67.5%
Togara North Joint Venture	Coal Exploration	33.3%	33.3%	33.3%
Ravensworth Coal Terminal	Coal Handling	–	35.6%	35.6%
Bulga Joint Venture	Coal Mining		90.0%	87.5%
Ulan Coal Mines Joint Venture	Coal Mining			90.0%
United Joint Venture	Coal Mining			95.0%

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenue or profit and have been accounted for as joint arrangements that are not an entity.

The Enex Group’s direct and indirect interests in joint venture net assets as summarised below are included in the corresponding balance sheet items in the consolidated accounts:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Current Assets		
Cash	443	2,755
Debtors: amount fall due within one year	10,301	8,833
Inventories	9,491	36,276
Other	887	31,064
Non-Current Assets		
Debtors: amounts falling due after more than one year	1,671	6,654
Investments	70	449
Property, plant and equipment	76,675	279,664
Other	1,170	4,472
<b>Total Assets</b>	<b>100,708</b>	<b>370,167</b>
Creditors falling due within one year	11,643	51,488
Creditors falling due later than one year	16,670	7,317
Provisions	9,607	33,874
<b>Total Liabilities</b>	<b>37,920</b>	<b>92,679</b>
<b>Net Assets</b>	<b>62,788</b>	<b>277,488</b>

### 13. Stocks

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Raw materials and consumables	3,049	7,225
Finished goods and goods for resale	18,374	49,552
	21,423	56,777

## Part VI Financial information – Accountants’ Report on the Enx Group

### 14. Debtors

Debtors: amounts falling due after more than one year:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Prepayments	1,243	5,642
Accrued Revenue	4,972	3,178
Other	4,123	12,600
	10,338	21,420

Debtors: amounts falling due within one year:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Trade debtors	14,909	53,273
Amounts owed by associated undertakings	–	–
Other debtors	12,409	4,747
Prepayments and accrued income	3,095	10,073
	30,413	68,093

Included in non-trade debtors for the 31 December 2000 year are amounts due from Centennial Coal Company Limited of US\$3.4m, Goods and Services Tax (VAT) receivable of US\$2.6m and insurance proceeds due of US\$1.5m. Included within other debtors are amounts relating to Employee Entitlements.

Included in non-trade debtors for the 31 December 2001 year are Goods and Services Tax receivable of US\$3.4m, insurance claims of US\$4.5m and diesel fuel rebates of US\$1.2m. Included within other debtors are amounts relating to Employee Entitlements.

### 15. Creditors: Amounts falling due within one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Current instalments due on loans – Bank loans (i)	2,224	2,045
Current instalments due on loans – Other loans (ii)	1,493	17,646
Obligations under finance leases and hire purchase contracts (iii)	603	1,092
Trade creditors	27,935	74,236
Corporation tax	936	5,160
Other taxes and social security costs	807	–
Amounts payable to controlling entity	5,635	–
	39,633	100,179

(i) This loan is secured by registered first mortgages over assets and undertakings.

(ii) At 31 December 2001 US\$17,303,000 was unsecured.

(iii) The lease liabilities are secured over the specific items of plant and equipment.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 16. Creditors: Amounts falling due after more than one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Bank loans (i)	2,224	299,972
Other loans (ii)	396	4,306
Obligations under finance leases and hire purchase contracts (iii)	396	15,720
Payable to controlling entity	367,007	197,112
Other	3,619	4,039
	373,642	521,149

Any payments to the controlling entity subsequent to 31 December 2001 are subordinated to any repayments made on the bank loans and accordingly amounts payable to controlling entity have been classified as amounts falling due after more than one year.

(i) – (iii) – Loan details are secured as described in note 15.

### 17. Loans

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Amounts falling due:		
In one year or less or on demand	3,717	19,691
Between one and two years	2,620	4,306
Between two and five years	–	299,972
In five years or more	–	–
	6,337	323,969
Included in creditors: amounts falling due		
within one year	3,717	19,691
after more than one year	2,620	304,278
	6,337	323,969

### 18. Obligations under Leases and Hire Purchase Contracts

Amounts due under finance leases and hire purchase contracts:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Amounts payable:		
Within one year	661	1,500
In two to five years	431	7,206
Later than 5 years	–	15,816
	1,092	24,522
Less: finance charges allocated to future periods:		
Within one year	58	471
In two to five years	35	2,265
Later than five years	–	4,973
	999	16,813

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	At 31 December 2000 US\$000	At 31 December 2001 US\$000	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Operating leases which expire:				
Within one year	–	–	–	555
In two to five years	–	–	896	689
In over five years	–	–	–	408
	–	–	896	1,652

## Part VI Financial information – Accountants’ Report on the Enx Group

### 19. Provisions for Liabilities and Charges

	Employee Entitlements US\$000	Restoration, Rehabilitation & Environment US\$000	Provision for foreign currency losses US\$000	Sundry Provision US\$000	Deferred tax liability US\$000	Total US\$000
At 1 January 2000	10,927	7,193	–	–	(1,220)	16,900
Acquisition of subsidiary undertaking	2,798	–	22,835	–	816	26,449
Arising during the year	2,282	664	–	892	(1,013)	2,825
Exchange adjustment	(1,510)	(1,120)	–	–	(432)	(3,062)
Utilised	–	–	–	–	–	–
At 1 January 2001	14,497	6,737	22,835	892	(1,849)	43,112
Acquisition of subsidiary undertaking	35,493	6,571	–	–	2,043	44,107
Arising during the year	(9,905)	1,518	–	–	18,603	10,216
Exchange adjustment	(1,169)	(541)	(1,833)	–	(112)	(3,655)
Utilised	–	–	(12,187)	(892)	–	(13,079)
<b>At 31 December 2001</b>	<b>38,916</b>	<b>14,285</b>	<b>8,815</b>	<b>–</b>	<b>18,685</b>	<b>80,701</b>

Deferred taxation comprises:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Fixed Assets	26,121	33,813
Deferred expenses	–	9,408
Tax losses	(21,820)	(37,125)
Foreign exchange	–	11,517
Provisions	(6,150)	(9,959)
Employee entitlements	–	(4,966)
Other timing differences	–	15,997
	(1,849)	18,685

Deferred taxation not recognised in respect of tax losses and other timing differences amounts to US\$19.5 million for 2001 (2000: US\$28.4 million). These assets will be recognised as future taxable profits or timing differences against which they may be deducted arise.

Employee entitlement provision represents the value of excess leave entitlements allocated over the leave taken by the employees of the company. These amounts are expected to reverse as the employees either take their accrued leave or receive equivalent benefits upon ceasing employment.

Accrued Restoration, Rehabilitation and Environment provision represents the accrual of costs required to provide adequate restoration and rehabilitation upon the completion of mining activities. These amounts will reverse when such rehabilitation has been performed.

Provision for foreign currency losses represents the unrealised loss on financial derivative instruments not recognised as effective hedges. These amounts are expected to reverse as the derivative instruments to which they are attached are closed.

### 20. Share Capital

The authorised share capital consists of the ordinary shares of A\$1 nominal value each. Both of these shares are issued and fully paid.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 21. Reserves

	Share premium account US\$000	Revaluation reserve US\$000	Currency translation reserve US\$000	Profit and loss account US\$000
At 1 January 1999	–	–	–	2,150
Retained profit for the year	–	–	–	2,892
Exchange differences arising on translation	–	–	197	–
At 31 December 1999	–	–	197	5,042
Exchange differences on retranslation	–	–	(1,820)	–
Retained profit for the year	–	–	–	(15,905)
At 31 December 2001	–	–	(1,623)	(10,863)
Exchange differences on retranslation	–	–	(3,421)	–
Retained profit for the year	–	–	–	84,741
<b>At 31 December 2001</b>	<b>–</b>	<b>–</b>	<b>(5,044)</b>	<b>73,878</b>

### 22. Notes to the Statement of Cash Flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 1999 US\$000	Year ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Operating profit	6,033	9,955	155,634
Depreciation	6,076	9,111	43,080
Increase in other operating assets	(1,337)	2,248	3,354
Decrease in debtors	8,757	(10,098)	(34,676)
Increase in stocks	(3,164)	(1,738)	(11,643)
Decrease in creditors	(452)	(593)	(10,900)
Increase in other provisions	3,124	73	(7,028)
<b>Net cash inflow from operating activities</b>	<b>19,037</b>	<b>8,958</b>	<b>137,821</b>

Cash flows resulting from the acquisition of subsidiary undertakings have been disclosed in Note 11.

## Part VI Financial information – Accountants’ Report on the Enex Group

(b) Analysis of net debt

	At 1 January 1999 US\$000	Cash flow US\$000	Exchange differences US\$000	Acquisition of subsidiary undertakings US\$000	At 31 December 1999 US\$000
Cash at bank and in hand	8,132	(1,212)	861	–	7,781
Bank overdrafts	–	–	–	–	–
Cash	8,132	(1,212)	861	–	7,781
Short-term deposits*	–	25,071	–	–	25,071
Loans – controlling entity	(84,662)	(99,365)	(6,698)	–	(190,725)
Loans – other	–	56,441	–	(76,716)	(20,275)
Finance leases	–	343	–	(1,436)	(1,093)
	(76,530)	(18,722)	(5,837)	(78,152)	(179,241)

  

	At 1 January 2000 US\$000	Cash flow US\$000	Exchange differences US\$000	Acquisition of subsidiary undertakings US\$000	At 31 December 2000 US\$000
Cash at bank and in hand	7,781	(4,627)	(1,157)	–	1,997
Bank overdrafts	–	–	–	–	–
Cash	7,781	(4,627)	(1,157)	–	1,997
Short-term deposits*	25,071	4,343	(3,728)	–	25,686
Loans – controlling entity	(190,725)	(173,409)	(2,873)	–	(367,007)
Loans – other	(20,275)	(16,377)	3,014	27,301	(6,337)
Finance leases	(1,093)	556	162	(624)	(999)
	(179,241)	(189,514)	(4,582)	26,677	(346,660)

  

	At 1 January 2001 US\$000	Cash flow US\$000	Exchange differences US\$000	Acquisition of subsidiary undertakings US\$000	At 31 December 2001 US\$000
Cash at bank and in hand	1,997	24,332	(738)	–	25,591
Bank overdrafts	–	–	–	–	–
Cash	1,997	24,332	(738)	–	25,591
Short-term deposits*	25,686	(6,803)	(1,670)	–	17,213
Loans – controlling entity	(367,007)	143,487	26,408	–	(197,112)
Loans – other	(6,337)	(229,440)	509	(88,701)	(323,969)
Finance leases	(999)	(5,541)	–	(10,272)	(16,812)
	(346,660)	(73,965)	24,509	(98,973)	(495,089)

\* Short-term deposits are included within cash at bank and in hand in the balance sheet.

### 23. Post Balance Sheet Events

On 13 March 2002, the Enex Group acquired The Ravensworth Group from Coal & Allied Industries Limited for US\$64 million. The Enex Group has also agreed to acquire the land on which the Ravensworth West project is situated, however the acquisition has not yet been completed.

On 21 February 2002, Xstrata plc, Xstrata (Schweiz) AG and Xstrata South Africa (Proprietary) Limited (“the Purchasers”), Xstrata AG and Glencore International AG, Duiker Coal Investments Limited, Duffield Trading Limited, Glencore Finance (Bermuda) Limited and Stychus Invest AG (“the Vendors”) entered into the Acquisition agreement to purchase the entire issued share capital of each of Glencore Overseas AG (of which Enex Resources Limited is a wholly owned subsidiary), Duiker Marketing AG and Duiker Mining (Proprietary) Limited (“the Coal Assets”) for cash and Ordinary Shares in Xstrata plc with an aggregate value of US\$2,067,910,000 (which includes an agreed amount relating to working capital of US\$73,000,000), in addition to which Xstrata plc has agreed to assume net indebtedness of Glencore Overseas AG, Duiker Mining (Proprietary) Limited and Duiker Marketing AG and each of their subsidiaries and subsidiary undertakings and where the context requires their associated undertakings and procure the repayment of shareholder loans to Glencore International AG, resulting in a total value of US\$2,573,000,000. Completion of the Acquisitions is subject to a number of conditions including Admission of the shares of Xstrata plc to the Official List of the UK Listing Authority.

The acquisition agreement is subject to a number of conditions, including regulatory and third party consents.

### 24. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to US\$26,693,000 (2000 US\$685,000; 1999 US\$254,000).

## Part VI Financial information – Accountants’ Report on the Enex Group

### 25. Contingent Liabilities

Performance guarantees provided to customers under contracts for supply of coal and other external parties amount to US\$ 5.0 million at 31 December 2001 (2000: US\$ 2.4 million).

Guarantees to the NSW and Queensland Minister for Mineral Resources in respect of various mining lease and the performance guarantees amount to US\$ 27.5 million at 31 December 2001 (2000: US\$ 9.7 million).

Enex has entered into a deed of cross guarantee with certain wholly owned controlled entities. The total liabilities of these wholly owned controlled entities (excluding the amount owing to the parent entity) are US\$ 606.3 million.

### Litigation

There are a number of occupational health and safety proceedings and civil proceedings relating to occupational health and safety incidents and other litigation that have been, or may be, commenced against Enex that could result in penalties or the award of damages. Enex does not expect any of the claims to have a material impact on the business.

Native title and land right claims have been made over land upon which Enex carries on operations. The outcome of these claims is presently uncertain.

No material losses are anticipated in respect of any of the above contingent liabilities.

### 26. Pension Commitments

#### Industry Funds

Under the NSW Coal and Oil Shale Mineworkers (Superannuation) Act 1941, Enex is required to make contributions to the Coal Super Retirement Income Fund for each person employed as a Mineworker (as defined by the Act).

The Coal Super Retirement Income Fund is separated into two plans, the COSAF Super Plan and the Miners’ Super Plan. The COSAF Super Plan is a defined contribution scheme where contributions to the funds are made based on 9% of basic annual salary (US\$8.2 million in 2001).

The Miners’ Super Plan is a defined benefits scheme and was closed to new members and precluded any future accrual of entitlement for members of the plan as from 2 January 1993 under the NSW Coal and Oil Shaleworkers (Superannuation) Amendment Act 1992. This is a multi-employer scheme and accordingly the Enex Group is unable to identify its share of the underlying assets and liabilities of the scheme, consequently it has been accounted for as a defined contribution scheme. These funds provide benefits to employees on retirement, disability or death.

Contributions are payable to the funds in respect of each employee at statutory determined rates. The contributions by the consolidated entity are legally enforceable in terms of the Trust Deeds of the funds. The consolidated entity has a legal obligation to regarding the shortfall in the Miners’ Super Plan in terms of its obligation to provide benefits to employees and is contributing additional amounts thereto in accordance with the NSW Coal Mining Industry Statutory Superannuation (Restructuring) Agreement dated 25 June 1992. Employees are entitled to benefits on resignation, retirement, disability or death.

Further contributions, in addition to the employer’s current contribution of 9% of pensionable earnings, have been made in order to eliminate the deficiency in the scheme. The deficit in the Miners Super Plan as at 31 December 1999 has since been repaid. Accordingly, no liability has been recorded.

No actuarial valuation has been performed on the fund. Recent actuarial reviews of both the fund and the level of contributions indicated the current level of contributions are sufficient and that the pension expense disclosed in the financial statements accurately reflects that required to satisfy the future obligations of the fund.

#### Company Sponsored Funds

The consolidated entity contributes to superannuation funds for employees who are not mine workers. The funds are accumulation funds (defined contribution) providing benefits to these employees on retirement, disability or death.

### 27. Other Directors’ Interests

During the periods ended 31 December 1999, 2000 and 2001, the Enex Group did not enter into any business related contracts with any entity of which a director, or their associate had a material interest.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 28. Other Related Party Transactions

During the year the Enex Group entered into the following transactions, in the ordinary course of business, with other related parties:

Related party	Commission to related party US\$000	Coal sales to related party US\$000	Coal purchases from related party US\$000	Amounts owed to related party US\$000
<b>Ultimate Controlling Entity</b>				
Glencore International AG				
2001	6,516	11,112	–	197,112
2000	7,888	12,462	3,620	372,642
1999	8,122	34,378	3,967	203,686
<b>Associated entities</b>				
Cook Resources Pty Limited				
2001	–	–	–	6,190
2000	–	–	–	–
1999	–	–	–	–
Oakbridge Pty Limited				
2001	–	–	–	–
2000	–	5,025	5,350	58,575
1999	–	–	–	–

#### **Glencore Overseas AG**

Glencore Overseas AG owns 100% of the shares in Enex. The ultimate controlling entity of Glencore Overseas AG is Glencore International AG, incorporated in Switzerland. The loan from Glencore International AG is a non-interest bearing loan and has no fixed repayment terms.

#### **Oakbridge Pty Ltd**

The Enex Group has a 48% interest in Oakbridge Pty Ltd as at 31 December 2000. In 2001, this stake was increased to 66.53%, and Oakbridge Pty Ltd is accounted for as a subsidiary undertaking in this period. Subsidiary undertakings are not classified as related parties for the purposes of this disclosure. Interest was also received.

#### **Cook Resources Pty Limited**

The loan to Cook Resources Pty Limited is a non-interest bearing loan and has no fixed repayment terms.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 29. Financial Instruments

The Enex Group is exposed to changes to currency exchange rates and interest rates in the course of business. Derivative transactions are entered into solely to hedge foreign currency risks, within limits set by the board of directors from time to time. Market fluctuations in derivative financial instruments designated as hedges are used to offset the fluctuations in the underlying exposure.

The use of derivative instruments has been limited to forward foreign exchange contracts, used to hedge sales in US dollars by the Australian operations. These operations amount to 100% of the Enex Group’s turnover in 2001 (100% in 2000; 100% in 1999).

#### Interest rate risk of financial liabilities

Short-term debtors and creditors are excluded from the analysis below.

The interest rate profile of the financial liabilities of the Enex Group as at 31 December was as follows:

	<b>Floating rate financial liabilities US\$000</b>	
<i>2001</i>		
Bank loans – Unsecured (US\$)		299,972
Bank loans – Secured (US\$)		2,045
<i>2000</i>		
Bank loan – Secured (US\$)		4,448
	<b>Fixed rate</b>	<b>Fixed rate financial liabilities US\$000</b>
<i>2001</i>		
Other loans – Unsecured (A\$42.3 million)	5.3%	21,952
Lease liabilities (A\$)	4.8%	16,812
<i>2000</i>		
Other loan – Secured (A\$3.4 million)	5.3%	1,889
Lease liabilities (A\$)		999
	<b>Non-interest bearing US\$000</b>	
<i>2001</i>		
Loan payable to controlling entity (US\$)		197,112
Other long term liabilities (A\$)		4,040
<i>2000</i>		
Amounts payable to controlling entity (A\$)		5,635
Loan payable to controlling entity (US\$)		367,007
Other (A\$)		3,619

The floating rate financial liabilities comprise:

US dollar denominated bank loan bears interest at LIBOR +0.9%. The weighted average rate was 3% (7.5% in 2000).

The non-interest bearing financial liabilities are due in more than one year, however no repayment dates are determined.

## Part VI Financial information – Accountants’ Report on the Enex Group

### 29. Financial Instruments (continued)

#### Interest rate risk of financial assets

The interest rate profile of the financial assets of the Enex Group as at 31 December was as follows:

	Floating rate	Floating rate Financial assets US\$000
<i>2001</i>		
Cash (A\$71.6 million, US\$6.2 million)	4.0%	42,804
<i>2000</i>		
Cash (A\$65.8 million, US\$3.5 million)	6.2%	27,683
		Non-interest bearing US\$000
<i>2001</i>		
Debtors – due after one year (A\$)		21,420
<i>2000</i>		
Debtors – due after one year (A\$)		10,338

The Enex Group uses forward exchange contracts to hedge future transactions and cash flows on identifiable foreign currency exposures. Budgeted sales of the Australian subsidiary are in excess of the contract volumes for the forward contracts during their respective periods. The estimated deferred gain or loss on the open forward contracts has been determined based on pertinent market information available as at 31 December.

	Contract Volume	Average forward rate (US\$/A\$)	Estimated deferred gain/(loss) US\$000
2001 forward exchange contracts	695,462	1.9139	(15,062)
2000 forward exchange contracts	108,482	1.6239	(5,310)

The settlements dates for the outstanding contracts can be summarised as follows:

Maturity	2000 US\$000	2001 US\$000
Less than 12 months	95,791	695,462
1–2 years	12,691	–

#### Credit risk

The Enex Group is exposed to credit risk in respect of trade debtors. Given the geographical and industry spread of the Enex Group’s customers, credit risk is believed to be limited.

## Part VI Financial information – Accountants' Report on the Enex Group

### 29. Financial Instruments (continued)

#### Fair values

Fair values of financial assets and financial liabilities set out below is a comparison by category of book values and fair values of all the Enex Group's financial assets and financial liabilities as at 31 December:

	At 31 December 2000		At 31 December 2001	
	Book value US\$000	Fair value US\$000	Book value US\$000	Fair value US\$000
<i>Primary financial instruments</i>				
Finance leases and hire purchase liabilities	999	999	16,812	16,812
Short-term borrowings and current portion of long term borrowings	3,717	3,717	19,691	19,691
Long-term borrowings	373,642	373,642	521,150	521,150
Fixed asset investments (other than joint ventures, and associates)	192	192	13,780	13,780
Cash and short-term deposits	27,683	27,683	42,804	42,804
Debtors due after one year	10,338	10,338	21,420	21,420
<i>Derivative financial instruments held to hedge the currency exposure on expected future transactions</i>				
Forward foreign currency contracts	–	(5,310)	–	(15,062)
Provision for foreign currency losses	(22,785)	(22,785)	(8,765)	(8,765)

Market values have been used to determine the fair value of forward foreign currency contracts. The fair value of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates.

#### Borrowing Facilities

The Enex Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 December in respect of which all conditions precedent had been met at that date are as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Expiring in one year or less	–	–
Expiring in more than one year but not more than two years	–	–
Expiring in more than two years	–	–

There are no undrawn facilities available as at 31 December 2001.

#### Hedges

Gains and losses on investments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on financial instruments used for hedging, and the movements therein, are as follows:

	Gains US\$000	Losses US\$000	Net US\$000
Unrecognised gains and losses at 1 January 2000	–	(185)	(185)
Gains and losses arising in previous years that were recognised in 2000	–	(185)	(185)
Gains and losses arising in 2000 that were not recognised in 2000	–	(5,310)	(5,310)
Unrecognised gains and losses at 31 December 2000	–	(5,310)	(5,310)
Of which:			
Gains and losses expected to be recognised in 2001	–	(4,688)	(4,688)
Gains and losses expected to be recognised in 2002 or later	–	(622)	(622)
	Gains US\$000	Losses US\$000	Net US\$000
Unrecognised gains and losses at 1 January 2001	–	(5,310)	(5,310)
Gains and losses arising in previous years that were recognised in 2001	–	(4,688)	(4,688)
Gains and losses arising in 2001 that were not recognised in 2001	–	(14,440)	(14,440)
Unrecognised gains and losses at 31 December 2001	–	(15,062)	(15,062)
Of which:			
Gains and losses expected to be recognised in 2002	–	(15,062)	(15,062)
Gains and losses expected to be recognised in 2003 or later	–	–	–

## Part VI Financial information – Accountants’ Report on the Enex Group

### 30. Minority Interests

The minority interests represents the following holdings:

- A holding of 18.77% of the shares in Cumnock Coal Limited (see note 11). The holders of those shares have no rights against any other member of the Enex Group company.
- A holding of 33.47% of the shares of Oakbridge Pty Limited (see note 11). The holders of these shares have no rights against any other Enex Group company.

Yours faithfully

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, slightly slanted style.

Ernst & Young LLP

## Part VI Financial information – Accountants’ Report on the Duiker Group



12.6

The Directors  
Xstrata plc  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

J.P. Morgan plc  
125 London Wall  
London EC2Y 5AJ

20 March 2002

Dear Sirs

### **DUIKER MINING (PROPRIETARY) LIMITED (“DUIKER”) AND ITS SUBSIDIARIES AND ASSOCIATES AND DUIKER MARKETING AG (THE “DUIKER GROUP”)**

#### **1. Introduction**

We report on the financial information set out below. This financial information has been prepared for inclusion in the listing particulars dated 20 March 2002 (the “Listing Particulars”) of Xstrata plc (“Xstrata”).

#### **Basis of preparation**

The financial information set out on pages 191 to 216 is based on the audited consolidated financial statements of Duiker and its subsidiaries for the year ended 30 September 1999, the fifteen month period ended 31 December 2000 and the year ended 31 December 2001 and has been prepared on the basis set out on page 195, after making such adjustments as considered necessary. Duiker prepares its consolidated financial statements in South African Rand in accordance with South African Statements of Generally Accepted Accounting Practice. Adjustments have been made to present the financial information in the Group’s reporting currency, US dollars, and in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”).

On 15 November 2000, the ultimate holding company, Glencore International, incorporated a wholly owned subsidiary, Duiker Marketing AG, in Switzerland, through which the sales of the Duiker Group are routed subsequent to that date. Duiker Marketing AG is not part of the Duiker Group but has been combined with the results of the Duiker Group, on a merger accounting basis in order to facilitate an understanding of the trading results of the Duiker Group.

#### **Responsibility**

Such financial statements are the responsibility of the directors of Duiker who approved their issue.

The directors of Xstrata are responsible for the contents of the Listing Particulars in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Listing Particulars, a true and fair view of the state of affairs of the Duiker Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended. <sup>6.A.5</sup>

## Part VI Financial information – Accountants’ Report on the Duiker Group

### 2. Consolidated Profit and Loss Accounts

	Notes	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
<b>TURNOVER</b>				
Turnover group and share of joint venture’s turnover		320,599	372,667	439,932
Less turnover attributable to joint ventures		(51,168)	(62,113)	(68,607)
Continuing operations		250,094	304,825	371,325
Acquisition		–	–	–
		250,094	304,825	371,325
Discontinued operations		19,337	5,729	–
Group turnover		269,431	310,554	371,325
Net operating costs	6.3	(239,976)	(285,346)	(226,921)
<b>OPERATING PROFIT</b>	6.4	29,455	25,208	144,404
Continuing operations		33,722	25,241	144,404
Acquisition		–	674	–
		33,722	25,915	144,404
Discontinued operations		(4,267)	(707)	–
Income from interests in joint ventures	6.14(b)	11,488	14,000	32,123
Income from interests in associated undertakings	6.14(a)	8,490	7,275	24,665
<b>TOTAL OPERATING PROFIT</b>		49,433	46,483	201,192
Continuing operations:				
Profit on disposal of investments	6.5	–	5,912	–
(Loss)/profit on disposal of fixed assets	6.5	–	(746)	131
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		49,433	51,649	201,323
Net interest payable	6.8	(19,889)	(18,918)	(7,104)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		29,544	32,731	194,219
Tax on profit on ordinary activities	6.9	(6,821)	(1,498)	(40,133)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		22,723	31,233	154,086
<b>DIVIDENDS</b>				
Ordinary dividend on equity shares	6.10	(7,857)	–	(66,683)
<b>RETAINED PROFIT FOR THE PERIOD/YEAR</b>		14,866	31,233	87,403
<b>Earnings per share – basic and diluted</b>	6.11	US\$0.07	US\$0.09	US\$0.45

#### Note on Historical Cost Profit and Losses

There is no difference between the profit as reported and the profit that would be recognised on an historical cost basis.

## Part VI Financial information – Accountants' Report on the Duiker Group

### 3. Statement of Total Recognised Gains and Losses

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Profit for the year/period	22,723	31,233	154,086
Unrealised growth in rehabilitation investment fund	3,001	2,348	2,652
Exchange differences on translation of local currency financial statements to US dollars	(4,825)	(51,909)	(98,828)
Exchange difference on retranslation of net assets of subsidiary undertaking	(42)	174	(90)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR/PERIOD</b>	<b>20,857</b>	<b>(18,154)</b>	<b>57,820</b>

#### RECONCILIATION OF SHAREHOLDERS' FUNDS

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Total recognised gains and losses	20,857	(18,154)	57,820
Dividends paid	(7,857)	–	(66,683)
Reduction of share premium account	–	–	(33,624)
	13,000	(18,154)	(42,487)
Other movements:			
New shares issued	552	18	56
Total movements during the year/period	13,552	(18,136)	(42,431)
Shareholders' funds at beginning of period	224,261	237,813	219,677
<b>Shareholders' funds at end of period</b>	<b>237,813</b>	<b>219,677</b>	<b>177,246</b>

## Part VI Financial information – Accountants’ Report on the Duiker Group

### 4. Consolidated Balance Sheets

	Notes	At 30 September		At 31December		At 31December	
		US\$000	1999 US\$000	US\$000	2000 US\$000	US\$000	2001 US\$000
<b>FIXED ASSETS</b>							
Intangible assets	6.12		(89)		–		–
Tangible assets	6.13		326,201		256,463		205,351
Investments	6.14						
Investments in joint ventures:							
Share of gross assets		17,946		16,003		26,022	
Share of gross liabilities		(6,328)		(5,622)		(3,106)	
Loans to joint ventures		31,780		21,108		–	
		43,398		31,489		22,916	
Investment in associate		30,383		29,430		–	
Other investments		26,486		22,690		16,219	
			100,267		83,609		39,135
			426,379		340,072		244,486
<b>CURRENT ASSETS</b>							
Stocks	6.15	30,161		17,651		24,646	
Debtors	6.16	43,272		54,615		45,093	
Cash at bank and in hand		1,117		10,192		11,243	
		74,550		82,458		80,982	
<b>CREDITORS: amounts falling due within one year</b>	6.17	(73,925)		(83,565)		(68,943)	
<b>NET CURRENT ASSETS</b>			625		(1,107)		12,039
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>							
			427,004		338,965		256,525
<b>CREDITORS: amounts falling due after more than one year</b>	6.18		(99,557)		(58,908)		(21,307)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	6.20		(89,634)		(60,380)		(57,972)
			237,813		219,677		177,246
<b>CAPITAL AND RESERVES</b>							
Called up share capital	6.21		1,965		1,965		2,021
Share premium account	6.22		158,738		158,756		125,132
Other reserves	6.22		(14)		160		70
Foreign currency translation reserve	6.22		930		(50,979)		(149,807)
Profit and loss account	6.22		76,194		109,775		199,830
			237,813		219,677		177,246

## Part VI Financial information – Accountants' Report on the Duiker Group

### 5. Statement of Consolidated Cash Flows

		Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
	Notes			
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	6.23(a)	66,919	38,574	99,155
<b>DIVIDENDS FROM JOINT VENTURE AND ASSOCIATES</b>				
Distributions received from associates		12,354	12,936	26,077
Distributions received from joint ventures		6,510	10,926	9,093
		18,864	23,862	35,170
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		1,622	1,138	568
Interest paid		(19,478)	(18,566)	(6,130)
		(17,856)	(17,428)	(5,562)
<b>TAXATION</b>				
Tax paid		(16,219)	(3,794)	(19,680)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>				
Payments to acquire tangible fixed assets		(35,794)	(23,161)	(36,421)
Receipts from sales of tangible fixed assets		776	2,511	1,248
Cash contribution to rehabilitation funds		(4,935)	(1,005)	–
Receipts from rehabilitation fund		–	954	2,419
Receipts from sales of investments		659	–	–
Funding to joint ventures		(47,899)	(52,349)	(22,042)
		(87,193)	(73,050)	(54,796)
<b>ACQUISITIONS AND DISPOSALS</b>				
Sale of subsidiary undertaking	6.14	–	1,508	–
Purchase of subsidiary undertaking	6.14	–	(2,408)	–
Cash acquired			(25)	89
Advances to associates for capital		(13,833)	(13,679)	–
		(13,833)	(14,604)	89
<b>EQUITY DIVIDENDS PAID</b>		(15,713)	–	(66,683)
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(65,031)	(46,440)	(12,307)
<b>FINANCING</b>				
Issue of ordinary share capital		552	18	56
Payment from share premium	6.22	–	–	(33,624)
Repayments from joint ventures		47,238	59,526	57,891
New short-term borrowings	6.23(b)	–	27,887	–
Repayment of long-term loans	6.23(b)	(14,309)	(19,057)	(21,733)
		33,481	68,374	2,590
<b>(DECREASE)/INCREASE IN CASH</b>	6.23(b)	(31,550)	21,934	(9,717)
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>				
		Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
	Notes			
<b>(Decrease)/Increase in cash</b>		(31,550)	21,934	(9,717)
Cash inflow from (repayments)/increase in loans		–	(27,887)	–
Repayment of long-term loans		14,309	19,057	21,733
Change in net debt resulting from cash flows	6.23(b)	(17,241)	13,104	12,016
Disposed of during the year		–	3,641	–
Exchange differences		(1,226)	20,907	25,393
<b>MOVEMENT IN NET DEBT</b>		(18,467)	37,652	37,409
<b>NET (DEBT)/CASH AT BEGINNING OF PERIOD</b>	6.23(b)	(93,303)	(111,770)	(74,118)
<b>NET (DEBT)/CASH AT END OF PERIOD</b>	6.23(b)	(111,770)	(74,118)	(36,709)

# Part VI Financial information – Accountants’ Report on the Duiker Group

## 6. Notes to the Consolidated Financial Information

### 1. Accounting Policies

#### Basis of preparation

The financial information has been prepared under the historical cost and in accordance with applicable UK accounting standards including early adoption of Financial Reporting Standard 19; Deferred Taxation. The financial information is based upon the consolidated financial statements of Duiker Mining (Pty) Limited and all its subsidiary undertakings, drawn up for the year ended 30 September 1999, the 15-month period to 31 December 2000 and the year ended 31 December 2001, which have been prepared on the basis of South African Generally Accepted Accounting Practice.

Duiker Marketing AG, a wholly owned subsidiary incorporated in Switzerland on 15 November 2000, has been combined with the results of the Duiker Group, on a merger accounting basis in order to facilitate an understanding of the trading results of the Duiker Group. The sales of the Duiker Group are routed through Duiker Marketing AG subsequent to that date.

#### Translation of financial statements

The functional currency of Duiker is the South African Rand. The accounts have been translated into US dollars by converting the profit and loss account at the average rate for the reporting period and the balance sheet at the rate on the balance sheet date. The exchange difference arising on the retranslation of opening net assets, for the purposes of preparing this financial information in US dollars, is taken directly to reserves. The exchange rates applied are set out below.

#### Basis of consolidation

The financial information consolidates the accounts of Duiker Mining (Pty) Limited and all its subsidiary undertakings (“subsidiaries”), drawn up for the year ended 30 September 1999, the 15-month period to 31 December 2000 and the year ended 31 December 2001.

Duiker Marketing AG was incorporated on 15 November 2000 as a wholly owned subsidiary of Glencore International AG. The financial results and net assets of Duiker and Duiker Marketing AG have been aggregated from this date in order to present the combined financial information of the Duiker Group.

LSA Minerals Limited has been included in the financial information using the acquisition method of accounting. Accordingly, the consolidated profit and loss account and statement of cash flows include the results and cash flows of LSA Minerals Limited for the period from its acquisition on 29 February 2000. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

The consolidated profit and loss account and statement of cash flows also include the results and cash flows of Bosveld Mines (Proprietary) Limited for the period to 1 September 2000, the date of its sale outside the Duiker Group. The results of the Kwazulu Natal Anthracite mining division are included for the period to 16 November 1999, the date of its sale.

Undertakings, other than subsidiary undertakings, in which the Duiker Group has an investment and over whose operating and financial policies the Duiker Group exerts a significant influence are treated as associated undertakings. The financial information includes the appropriate share of these undertakings’ results and reserves based on audited accounts to 30 September 1999, 31 December 2000 and 31 December 2001.

Entities in which the Duiker Group holds an interest on a long-term basis and which are jointly controlled by the Duiker Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Duiker Group accounts, joint ventures are accounted for using the gross equity method.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against Duiker Group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the net investment in these enterprises.

The following exchange rates have been applied:

Currency rates (US\$1)	30 September 1999	Average 1999	31 December 2000	Average 2000	31 December 2001	Average 2001
South African Rand (ZAR)	6.016	6.034	7.555	6.780	12,090	8,625

#### Joint arrangements

The Duiker Group has in relation to its interest in Richards Bay Coal Terminal, Rietspruit Joint Venture and Douglas Tavistock Joint Venture a contractual arrangement with other participants to engage in joint activities that do not create an entity carrying on a trade

## Part VI Financial information – Accountants’ Report on the Duiker Group

or business of its own. The Duiker Group includes its share of assets, liabilities and cash flows measured in accordance with the terms of the arrangement.

### Turnover

Turnover is recognised when all significant risks and rewards of ownership of the asset sold are transferred. Certain sales are initially recognised at estimated sales value when the product is shipped. Adjustments are made for variations in coal price, quality and weights between the time of shipment and the final settlement of sale proceeds.

### Cost of sales

Cost of sales represents material cost, determined by means of either the weighted average or first in first out (FIFO) method and by applying full absorption costing of manufacturing overheads, plus any other costs directly attributable to the acquisition of materials.

### Tangible fixed assets

Tangible fixed assets comprise mainly mining assets including mineral rights, land, prospecting expenditure, development expenditure, shafts, buildings, equipment, vehicles and the Duiker Group’s share of the port capacity of the Richards Bay Coal Terminal.

The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

### Mining licences

Mining licences are carried at cost until such time as the properties to which they relate are brought into production, at which time depreciation is charged on a straight-line basis over the estimated useful life of the ore body to which they relate.

Capitalised amounts are written-off if the property is abandoned or when there is an impairment in value.

### Land and buildings

Freehold land is stated at cost. Buildings are stated at cost less accumulated depreciation. Depreciation is applied on a straight-line basis over the life of the mine (maximum of 30 years).

### Mineral properties and mine development expenditure

Costs of acquiring mineral properties are capitalised on the balance sheet in the year in which they are incurred. Capitalised costs (development expenditure) include interest and financing costs relating to the construction of plant and equipment and costs associated with a startup period where the asset is available for use but incapable of operating at normal levels without a commissioning period. Interest and financing costs are capitalised only for those projects for which funds have been borrowed.

Mineral properties and capitalised costs are, upon commencement of production, amortised using the unit of production method based on the estimated life of the ore body to which they relate or are written-off if the property is abandoned or when there is a permanent impairment in value.

### Prospecting and exploration

Prospecting and exploration expenditure is capitalised where the probability of establishing a commercially viable proposition is assured, otherwise it is written-off. Once production commences the capitalised expenditure is amortised over the estimated working life of the mine.

### Plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Expenditure on repairs and maintenance to restore or maintain the initially assessed expected future economic benefits is recognised as an expense when incurred.

### Depreciation

Depreciation is provided on other tangible fixed assets, with the exception of land, at rates calculated to write-off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Buildings	Life of mine, maximum of 30 years
Developed mineral rights	Life of mine, maximum of 30 years
Furniture and fittings	5 years
Vehicles	4 years
Plant and machinery	4 years to life of mine, maximum of 30 years

### Impairment

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on income generating units (“IGU”).

## Part VI Financial information – Accountants’ Report on the Duiker Group

A previously recognised impairment loss is reversed where the recoverable amount increases as a result of changes in economic conditions or in the expected use of the asset, but not to an amount higher than the amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Stock is categorised as follows:

- Raw materials and consumables: materials, goods or supplies (including energy sources) to be either directly or indirectly consumed in the production process.
- Work in progress: items stored in an intermediate state that have not yet passed through all stages of production; and
- Finished goods: products and materials that have passed all stages of the production process.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### Provisions for liabilities and charges

Provisions are recognised when the Duiker Group has a present obligation, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle such an obligation.

#### *Environmental protection, rehabilitation and closure costs*

Provision is made for close down and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs, based on the estimated future costs. The discount rate used to adjust the provision to its discounted amount is a pre-tax rate, adjusted for inflation, reflecting current market assessments of the time value of money. At the time of establishing the provision, a corresponding asset is capitalised and depreciated over future production from the mine to which it relates.

The provision is reviewed on an annual basis for changes in cost estimates, lives of operations or discount rates.

The increase in the discounted amount arising from the passage of time is reflected as an interest charge in the profit and loss account.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- where fixed assets have been revalued, provision is made for deferred tax only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Pensions and other post-retirement obligations

The Duiker Group participates in several defined benefit and defined contribution pension schemes, all of which require contributions to be made to separately administered funds. The assets of these schemes are held separately from those of the Duiker Group, being held in separate funds by the trustees of the respective plans. Contributions to the defined benefits schemes are charged to the profit and loss account so as to spread the cost of pensions over employees’ working lives with the Duiker Group. The contribution rate is as recommended by a qualified actuary on the basis of triennial valuations, using the projected unit method. Contributions to defined contribution plans are charged against income as incurred.

The Duiker Group has agreed to provide certain additional post-retirement benefits to employees. The estimated cost of providing such benefits is charged against profits on a systematic basis over the employees’ working lives within the Duiker Group.

### Capital instruments

Shares are included in shareholders’ funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders’ funds.

## Part VI Financial information – Accountants’ Report on the Duiker Group

### Financial instruments

#### *Measurement*

Financial instruments are initially measured at cost, including transaction costs.

#### *Investments*

The investment in the rehabilitation trust funds are measured at fair value based on the market price of the investments held by the trust fund. Gains in the Rehabilitation Trust Fund are recognised in the Statement of Recognised Gains and Losses.

Other investments is measured at cost less accumulated impairment losses.

#### *Other financial assets*

Other financial assets originated by the Duiker Group are stated at cost less a provision for doubtful debts.

#### *Financial liabilities*

Loans are recognised at inception at the fair value of the proceeds received net of issue costs. The finance cost recognised in the profit and loss account is allocated to period over the term of the loan at a constant rate on the carrying amount.

## 2. Turnover and segmental analysis

Turnover represents the gross revenue from the sale of coal, at invoiced value, net of applicable sales taxes.

The Duiker Group operates in the mining and extraction of coal. It operates primarily within the Republic of South Africa. The turnover, both by source and destination, of the associate and the joint ventures, all relate to mining of bituminous coal in the Republic of South Africa.

The discontinued operations comprise the following:

- Bosveld Mines (Proprietary) Limited, the subsidiary that operated the Duiker Group’s gold operations. These operations were discontinued in August 1999 and the subsidiary was sold on 1 September 2000; and
- the Kwazulu Natal Anthracite operations which were sold on 16 November 1999. These operations were treated as a division of Duiker Mining Company Limited.

The results of LSA Minerals Limited, which was acquired on 29 February 2000, relate to coal mining and mineral rights. Its turnover, both by source and destination, all relates to the Republic of South Africa.

## Part VI Financial information – Accountants’ Report on the Duiker Group

Turnover, consolidated profit on ordinary activities before tax and net assets by area of activity are analysed as follows:

### Segmental analysis by function – for the year ended 30 September 1999

	Anthracite US\$000	Bituminous Coal US\$000	Gold US\$000	Total US\$000
<b>TURNOVER</b>				
Continuing operations	–	250,094	–	250,094
Discontinued operations	16,620	–	2,717	19,337
	16,620	250,094	2,717	269,431
<b>SEGMENT PROFIT</b>				
Continuing operations	–	39,948	–	39,948
Discontinued operations	(1,575)	–	(2,692)	(4,267)
	(1,575)	39,948	(2,692)	35,681
<b>Common costs</b>				(6,226)
Group operating profit				29,455
Profit before tax of associated undertakings	–	8,490	–	8,490
Profit before tax of joint ventures	–	11,488	–	11,488
Total operating profit before exceptional items				49,433
Net interest paid	(209)	(19,656)	(24)	(19,889)
<b>Profit on ordinary activities before taxation</b>				29,544
	Anthracite US\$000	Bituminous Coal US\$000	Gold US\$000	Total US\$000
<b>NET ASSETS</b>				
Continuing operations	–	248,546	–	248,546
Discontinued operations	5,255	–	(227)	5,028
	5,255	248,546	(227)	253,574
Unallocated net assets				(89,542)
Net assets of associated undertakings	–	30,383	–	30,383
Net assets of joint ventures	–	43,398	–	43,398
<b>Total net assets</b>				<b>237,813</b>

Unallocated net assets comprise certain fixed assets, net debt, taxation and dividends.

## Part VI Financial information – Accountants’ Report on the Duiker Group

### Segmental analysis by function – for the 15 months ended 31 December 2000

	Anthracite US\$000	Bituminous Coal US\$000	Total US\$000
<b>TURNOVER</b>			
Continuing operations	–	304,825	304,825
Discontinued operations	5,729	–	5,729
	5,729	304,825	310,554
<b>SEGMENT PROFIT</b>			
Continuing operations	–	37,436	37,436
Discontinued operations	(707)	–	(707)
	(707)	37,436	36,729
<b>Common costs</b>			(11,521)
Group operating profit			25,208
Profit before tax of associated undertakings	–	7,275	7,275
Profit before tax of joint ventures	–	14,000	14,000
Total operating profit before exceptional items			46,483
Exceptional items	–	5,166	5,166
Net interest paid		(18,918)	(18,918)
<b>Profit on ordinary activities before taxation</b>			32,731
<b>Operating profit of acquisition included in the above</b>			674
<b>NET ASSETS</b>			
Continuing operations	–	173,756	173,756
Discontinued operations	–	–	–
	–	173,756	173,756
Unallocated net assets			(14,998)
Net assets of associated undertaking	–	29,430	29,430
Net assets of joint ventures	–	31,489	31,489
<b>Total net assets</b>			<b>219,677</b>
<b>Net assets of acquisition included in the above</b>			<b>2,165</b>

Unallocated net assets comprise certain fixed assets, net debt, taxation and dividends.

### Segmental analysis by function – for the year ended 31 December 2001

In 2001, all turnover, profit on ordinary activities, and total net assets are derived from the sale of coal.

### Segmental analysis by geographical area – for the year ended 30 September 1999

	Southern Africa US\$000	Europe US\$000	Middle East US\$000	Rest of the world US\$000	Total US\$000
<b>TURNOVER</b>					
Turnover by destination:					
Continuing operations	44,142	118,870	40,215	46,867	250,094
Discontinued operations	19,337	–	–	–	19,337
	<b>63,479</b>	<b>118,870</b>	<b>40,215</b>	<b>46,867</b>	<b>269,431</b>

All turnover originates from the operations in South Africa.

## Part VI Financial information – Accountants’ Report on the Duiker Group

### Segmental analysis by geographical area – for the 15 months ended 31 December 2000

	Southern Africa US\$000	Europe US\$000	Middle East US\$000	Rest of the world US\$000	Total US\$000
<b>TURNOVER</b>					
Turnover by destination:					
Continuing operations	41,913	139,275	52,156	71,481	304,825
Discontinued operations	5,729	–	–	–	5,729
	<b>47,642</b>	<b>139,275</b>	<b>52,156</b>	<b>71,481</b>	<b>310,554</b>

All turnover originates from the operations in South Africa.

### Segmental analysis by geographical area – for the year ended 31 December 2001

	Southern Africa US\$000	Europe US\$000	Middle East US\$000	Rest of the world US\$000	Total US\$000
<b>TURNOVER</b>					
Turnover by destination:					
Continuing operations	45,156	326,169	–	–	371,325
Discontinued operations	–	–	–	–	–
	<b>45,156</b>	<b>326,169</b>	<b>–</b>	<b>–</b>	<b>371,325</b>

All turnover originates from the operations in South Africa.

### 3. Net Operating Costs

	Year ended 30 September 1999			15 months ended 31 December 2000			Year ended 31 December 2001		
	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000	Contin- uing US\$000	Discon- tinued US\$000	Total US\$000
Cost of sales	144,719	20,861	165,580	189,698	3,913	193,611	185,689	–	185,689
Distribution costs	61,407	7,445	68,852	78,557	522	79,079	51,319	–	51,319
Administrative expenses	7,619	4,099	11,718	14,750	–	14,750	8,653	–	8,653
Other operating income	(6,174)	–	(6,174)	(2,094)	–	(2,094)	(18,740)	–	(18,740)
<b>Net operating costs</b>	<b>207,571</b>	<b>32,405</b>	<b>239,976</b>	<b>280,911</b>	<b>4,435</b>	<b>285,346</b>	<b>226,921</b>	<b>–</b>	<b>226,921</b>
Gross profit	105,375	(1,524)	103,851	115,127	1,816	116,993	185,636	–	185,636

### 4. Operating Profit

This is stated after charging:

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Auditors’ remuneration – audit services	274	399	118
Prospecting expenditure written-off	516	104	174
Depreciation charge	23,820	21,537	15,469
Operating lease payments (property)	158	192	136

### 5. Exceptional Items

	Year ended 30 September 1999 US\$000	Period ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Recognised below operating profit:			
(Loss)/profit on disposal of plant and machinery	–	(746)	131
Profit on disposal of investments	–	5,912	–
	<b>–</b>	<b>5,166</b>	<b>131</b>

The effect on the taxation charge for the year of the exceptional items recognised below operating profit is disclosed in note 9.



## Part VI Financial information – Accountants’ Report on the Duiker Group

### 9. Tax on Profit on Ordinary Activities

Duiker is incorporated in South Africa and is subject to taxation under the South African tax regime. In 2000 Duiker Marketing AG was also incorporated and is subject to taxation under the Swiss tax regime.

The taxation charge is made up as follows:

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Foreign tax:			
Current tax on income for the period	(3,236)	(7,603)	(33,754)
Associated undertakings	(1,407)	(2,183)	–
Deferred taxation (note 20)			
Origination and reversal of timing differences	(7,182)	8,288	(6,379)
Effect of decreased tax rate on opening balance	5,004	–	–
<b>Total tax (charge)/credit on profit on ordinary activities</b>	<b>(6,821)</b>	<b>(1,498)</b>	<b>(40,133)</b>

The statutory tax provision at the weighted average rate is generally calculated on the basis of pre-tax earnings or losses in each country and the applicable statutory tax rates. The difference between the effective provision for income tax and the statutory tax provision at the weighted average tax rate is reconciled as follows:

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Statutory provision for tax at weighted average rate*	8,863	9,819	44,282
Permanent differences	2,571	(5,949)	(4,384)
Movement in deferred tax provision	(2,178)	8,288	(6,379)
Effect of reduction in tax rate on deferred tax provision	(5,004)	–	–
Other	391	(2,372)	235
<b>Total current tax</b>	<b>4,643</b>	<b>9,786</b>	<b>33,754</b>

\*Weighted average rates applied by period are: 1999 – 30%; 2000 – 30% and 2001 – 22.8%.

Deferred tax assets and liabilities for 2001, 2000 and 1999 reflect the impact of timing differences between amounts of assets and liabilities for financial reporting purposes and the amounts of such assets and liabilities as measured for tax purposes.

The tax effect in the profit and loss account relating to the exceptional items recognised below operating profit is a credit of nil (2000 – nil; 1999 – nil).

### 10. Dividends

	Year ended 30 September 1999 US\$000	Period ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
<i>Dividends:</i>			
Equity dividends on ordinary shares:			
Declared and paid by Duiker US\$0.02 per share	7,857	–	–
Declared and paid by Duiker Marketing AG	N/A	N/A	66,683

### 11. Earnings per Ordinary Share

The calculation of earnings per ordinary share is based on earnings, of US\$154 million. (2000 – US\$31 million; 1999 – US\$23 million) and on 339,269,000. (2000 – 339,169,000; 1999 – 339,139,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year. There are no dilutive shares.

### 12. Intangible Fixed Assets

Negative goodwill was disposed of during the 15 months ended 31 December 2000.

## Part VI Financial information – Accountants' Report on the Duiker Group

### 13 Tangible Fixed Assets

Tangible fixed assets comprise mining assets

	<b>Mining Assets US\$000</b>
Cost:	
At 1 October 1999	380,450
Exchange rate adjustment	(77,845)
Additions	24,696
Acquisition of subsidiary undertaking	1,427
Disposals	(4,284)
Disposal of subsidiary undertaking	(18,490)
At 31 December 2000	305,954
Exchange rate adjustment	(141,725)
Additions	34,368
Disposals	(2,182)
Reclassification	61,879
At 31 December 2001	<b>258,294</b>
Depreciation:	
At 1 October 1999	54,249
Exchange rate adjustment	(11,770)
Provided during the year	21,537
Disposals	(1,028)
Disposal of subsidiary undertaking	(13,497)
At 31 December 2000	<b>49,491</b>
Exchange rate adjustment	(27,409)
Provided during the year	15,469
Disposals	(1,065)
Reclassification	16,457
At 31 December 2001	<b>52,943</b>
Net book value at 31 December 2001	<b>205,351</b>
Net book value at 1 January 2001	256,463
Net book value at 1 October 1999	326,201

An analysis of the mining assets by principal category is shown below

	<b>Land and buildings US\$000</b>	<b>Mineral rights US\$000</b>	<b>Fixtures and fittings US\$000</b>	<b>Vehicles US\$000</b>	<b>Plant and machinery US\$000</b>	<b>Total US\$000</b>
<b>Cost</b>						
At 30 September 1999	154,157	54,776	5,270	7,494	158,753	380,450
At 31 December 2000	40,371	86,338	6,397	4,765	168,083	305,954
At 31 December 2001	<b>26,152</b>	<b>53,543</b>	<b>4,193</b>	<b>2,962</b>	<b>171,444</b>	<b>258,294</b>
<b>Depreciation</b>						
At 30 September 1999	14,485	11,048	1,539	3,019	24,158	54,249
At 31 December 2000	13,029	16,921	4,128	2,754	12,659	49,491
At 31 December 2001	<b>8,775</b>	<b>12,825</b>	<b>3,160</b>	<b>1,649</b>	<b>26,534</b>	<b>52,943</b>
<b>Net book value</b>						
At 30 September 1999	139,672	43,728	3,731	4,475	134,595	326,201
At 31 December 2000	27,342	69,417	2,269	2,011	155,424	256,463
At 31 December 2001	<b>17,377</b>	<b>40,718</b>	<b>1,033</b>	<b>1,313</b>	<b>144,910</b>	<b>205,351</b>

## Part VI Financial information – Accountants’ Report on the Duiker Group

### 14. Investments

	31 December 2000 US\$000	31 December 2001 US\$000
Associated undertaking (a)	29,430	–
Joint ventures (b)	31,489	22,916
Rehabilitation trust fund (c)	22,218	16,047
Other unlisted fixed asset investments (d)	472	172
	83,609	39,135

#### (a) Associated undertaking

	Share of net assets US\$000	Amounts due from associate US\$000	Total US\$000
At 1 October 1999	12,060	18,323	30,383
Share of profit before tax of associated undertaking	7,275	–	7,275
Share of tax of associated undertaking	(2,183)	–	(2,183)
Advances to associate for capital	–	13,679	13,679
Distributions from associate	(12,936)	–	(12,936)
Exchange adjustment	(1,651)	(5,137)	(6,788)
At 31 December 2000	2,565	26,865	29,430
Distribution from associated undertakings	–	(26,077)	(26,077)
Share of profit before tax of associated undertaking	24,665	–	24,665
Reclassification	(27,230)	(788)	(28,018)
<b>At 31 December 2001</b>	<b>–</b>	<b>–</b>	<b>–</b>

During 2001 the associated undertaking, Douglas Tavistock was reclassified as a joint arrangement following a change in its organisational structure whereby the Duiker Group undertook the marketing and control over its share of coal produced.

The Duiker Group’s share of retained profits of the associated undertaking at 31 December 2000 was US\$12,174,000; (1999 – US\$7,082,000).

The Duiker Group’s share of the net assets of the Douglas Tavistock joint venture is as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Tangible fixed assets	29,485	–
Current assets	6,160	–
Current liabilities	(4,752)	–
Provisions	(1,463)	–
	29,430	–

The Duiker Group’s share of the turnover of the Douglas Tavistock joint venture is as follows:

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Turnover	58,776	76,032	69,625

## Part VI Financial information – Accountants' Report on the Duiker Group

### (b) Joint ventures

	Share of retained profits US\$000	Amounts due from joint ventures US\$000	Total US\$000
At 1 October 1999	11,618	31,780	43,398
Distribution of Duiker Group's share	(10,926)	–	(10,926)
Share of profit retained by joint ventures	13,982	–	13,982
Net repayment of amounts due from joint ventures	–	(4,678)	(4,678)
Exchange adjustment	(4,293)	(5,994)	(10,287)
At 31 December 2000	10,381	21,108	31,489
Distribution of Duiker Group's share	(9,093)	–	(9,093)
Share of profit retained by joint ventures	32,123	–	32,123
Net repayment of amounts due from joint ventures	–	(18,489)	(18,489)
Exchange adjustment	(10,495)	(2,619)	(13,114)
<b>At 31 December 2001</b>	<b>22,916</b>	<b>–</b>	<b>22,916</b>

The Duiker Group's share of the net assets of the joint ventures are as follows:

#### TAVISTOCK/TESA JOINT VENTURE

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Tangible fixed assets	31,778	19,839
Current assets	5,333	6,183
Current liabilities	(3,644)	(1,776)
Provisions	(1,978)	(1,330)
	31,489	22,916

The Duiker Group's share of the turnover and profit before tax of the Tavistock/TESA joint venture is as follows:

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Turnover	51,168	62,113	68,607
Profit before and after tax	11,488	14,000	32,123

As Tavistock/TESA is not an incorporated entity, there is no tax charge directly attributable to it.

### (c) Investment in Rehabilitation Trust Funds

	US\$000
At 1 October 1999	25,847
Growth for the year	2,348
Rehabilitation expenses paid out	(954)
Cash contributions made during the year	1,005
Transfer to associate	(348)
Disposal of subsidiary	(228)
Exchange movement	(5,452)
At 31 December 2000	22,218
Exchange rate adjustment	(9,601)
Growth for the year	2,652
Rehabilitation expenses paid out	(2,419)
Cash contributions made during the year	–
Reclassification in respect of Douglas Tavistock	3,197
<b>At 31 December 2001</b>	<b>16,047</b>

The Duiker Group makes cash contributions to a trust fund, the sole purpose of which is to provide funds for the Duiker Group's rehabilitation liability relating to the eventual closure of the Duiker Group's mines. Amounts are paid out from the trust fund following completion and approval of the rehabilitation work by the South African Department of Minerals and Energy. The contributions to the trust fund are placed with investment bankers who are responsible for making investments in equity and money market instruments.

## Part VI Financial information – Accountants’ Report on the Duiker Group

The trust funds are to be used according to the terms of the trust deed and are not available for the general purpose of the Duiker Group.

### (d) Other unlisted fixed asset investments

Cost and valuation	Durban Coal Terminal Company Limited US\$000	Manhattan Syndicate Limited US\$000	Other investments US\$000	Total US\$000
At 1 October 1999	296	256	87	639
Disposals	-	-	(42)	(42)
Exchange rate adjustment	(66)	(57)	(2)	(125)
At 31 December 2000	230	199	43	472
Disposals	-	(174)	-	(174)
Exchange rate adjustment	(85)	(25)	(16)	(126)
<b>At 31 December 2001</b>	<b>145</b>	<b>-</b>	<b>27</b>	<b>172</b>

Details of the principal investments as at 31 December 2001 in which the Duiker Group or Duiker holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>			
All held by the company and incorporated in the Republic of South Africa unless indicated.			
Alpha Coal Sales Company AG*	Ordinary shares	100%	Dormant
Arthur Taylor Colliery Management Services Limited†	Ordinary shares	100%	Employment company
Bosveld Mines (Proprietary) Limited (Sold in 2000)	Ordinary shares	100%	Gold mining
Breyten Coal Farms (Proprietary) Limited†	Ordinary shares	100%	Coal mining
Consolidated Collieries Limited†	Ordinary shares	100%	Coal mining
Darty Coal Holdings Limited (Sold in 2000)†	Ordinary shares	100%	Coal mining
Duiker Coal (Proprietary) Limited	Ordinary shares	100%	Coal mining
Steenbok Coal (Proprietary) Limited†	Ordinary shares	100%	Coal mining
Frischgewaad Farm (Proprietary) Limited	Ordinary shares	100%	Trout farming
Manhattan Syndicate Limited	Ordinary shares	49.95%	Holding mineral rights
LSA Minerals Limited (Acquired in 2000)	Ordinary shares	100%	Coal mining
Phoenix Colliery Limited†	Ordinary shares	100%	Coal mining
Rand Collieries and Fuel Limited	Ordinary shares	100%	Coal mining
Rustplaas Properties (Proprietary) Limited†	Ordinary shares	100%	Coal mining
Rustplaas Steenkool (Proprietary) Limited†	Ordinary shares	100%	Coal mining
South Witbank Coal Mines (Proprietary) Limited†	Ordinary shares	100%	Coal mining
Tavistock Collieries (Proprietary) Limited	Ordinary shares	100%	Coal mining
Tselentis Coal (Proprietary) Limited	Ordinary shares	100%	Coal mining
Tselentis Mining (Proprietary) Limited†	Ordinary shares	100%	Coal mining
United Carbon Producers 1990 (Proprietary) Limited	Ordinary shares	100%	Coal mining

\* Incorporated in Switzerland.

† Held by a subsidiary undertaking.

### Associated undertaking

In the 1999 and 2000 financial periods the Duiker Group held an effective interest of 16% in the Douglas Tavistock Joint Venture. The Duiker Group was able to exercise significant influence over the operating and financial policies but not joint control, over its operations. Accordingly, its results were equity accounted. Although the year end of the associate is 30 June its results have been equity accounted to the period end of the Duiker Group. The associate is involved in the mining of coal.

In the year ended 31 December 2001, a change in the operating agreement of the associate resulted in the Duiker Group being able to exercise joint control over the operations and from this financial period the Douglas Tavistock Joint Venture has been treated as a joint arrangement.

### Joint ventures

The Duiker Group has the following interests in joint ventures:

- 50% in TAVISTOCK/TESA Joint Venture
- 50% in Rietspruit Joint Venture
- 16% in the Douglas Tavistock Joint Venture (in 2001 only, in 2000, Douglas Tavistock was an associated undertaking).

## Part VI Financial information – Accountants’ Report on the Duiker Group

All joint ventures are involved in the mining of bituminous coal in South Africa. There has been no change in the effective rates of shareholdings (2000: nil; 1999: nil).

### Joint arrangements

The Duiker Group has a 50% interest in the Rietspruit Joint Venture through which the Duiker Group obtains its share of the coal mined. The Duiker Group’s interest in the Rietspruit Joint Venture has been accounted for as a joint arrangement.

The Duiker Group also has a 20.91% interest in the service organisation, Richards Bay Coal Terminal Company Limited, through which the shareholders gain access to the coal terminal for their exports. The Duiker Group’s interest in Richards Bay Coal Terminal has been accounted for joint arrangement.

### Acquisitions and disposals

On 29 February 2000 the Duiker Group acquired LSA Minerals Limited for a consideration of US\$2,408,000 satisfied by cash. No goodwill arose on this transaction. The investment in LSA Minerals Limited has been included in the company’s balance sheet at its fair value at the date of acquisition. 6.D.11

#### Analysis of the acquisition of LSA Minerals Limited:

Net assets at date of acquisition:	Book value US\$000	Adjustment US\$000	Fair value to the Group US\$000
Tangible fixed assets	32	1,395	1,427
Debtors			1,002
Creditors due within one year			(21)
Net assets			2,408
Goodwill arising on acquisition			–
			2,408
Discharged by:			
Cash paid			2,408

The summarised profit and loss account for the period from 1 October 1999 to the date of acquisition is as follows:

	US\$000
Turnover	280
Operating profit	278
Profit before tax	278
Taxation	(82)
<b>Profit for the five months ended 29 February 2000</b>	<b>196</b>

LSA Minerals Limited derives income from mining royalties and is included in the Duiker Group’s other income.

#### Analysis of the disposal of Bosveld Mines (Proprietary) Limited

On 1 September 2000, the Duiker Group completed the sale of Bosveld Mines (Proprietary) Limited. The disposal is analysed as follows:

	US\$000
Net assets disposed of:	
Intangible assets	(89)
Fixed assets	313
Rehabilitation investment	228
Stocks	120
Debtors	40
Bank	25
Current liabilities	(362)
Long-term creditors and provisions	(4,679)
	(4,404)
Profit on disposal	4,792
<b>Cash proceeds</b>	<b>388</b>

During the year, Bosveld Mines (Proprietary) Limited utilised US\$47,000 of the Duiker Group’s net operating cash flows and contributed US\$282,000 in respect of net returns on investments.

## Part VI Financial information – Accountants’ Report on the Duiker Group

On 1 November 1999, the Duiker Group completed the sale of the trade and certain assets of its KwaZulu-Natal Anthracite mining division. The disposal is analysed as follows:

	US\$000
Net assets disposed of:	
Fixed assets	4,680
Provisions	(4,680)
	–
Profit on disposal	1,120
<b>Cash proceeds</b>	<b>1,120</b>

During the year, the KwaZulu-Natal operations generated US\$1,507,000 of the Duiker Group’s net operating cash flows and utilised US\$2,782,000 in respect of net returns on investments.

### 15. Stocks

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Coal	14,521	22,569
Mine stores	3,130	2,077
	17,651	24,646

The difference between purchase price or production cost of stocks and their replacement cost is not material.

### 16. Debtors

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Trade debtors	19,880	33,165
Amounts owed by related parties	10,678	5,837
Other debtors	24,057	6,091
	54,615	45,093

### 17. Creditors: Amounts falling due within one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Current instalments due on loans	25,401	15,876
Bank overdraft	–	10,768
Trade creditors	12,466	5,784
Corporation tax	2,095	16,539
Accruals and other creditors	43,603	19,976
	83,565	68,943

### 18. Creditors: Amounts falling due after more than one year

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Loans (note 19)	58,908	21,307
	58,908	21,307

## Part VI Financial information – Accountants' Report on the Duiker Group

### 19. Loans

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Amounts falling due:		
In one year or less or on demand		
Loans	25,401	15,876
Between one and two years	25,712	15,833
Between two and five years	27,073	1,276
In five years or more	6,123	4,198
	84,309	37,183
Less: included in creditors: amounts falling due within one year	(25,401)	(15,876)
	58,908	21,307

Details of loans not wholly repayable within five years are as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Share of unsecured bank loan raised in connection with Richards Bay Coal Terminal Limited (a joint arrangement)	9,221	5,899
	9,221	5,899

This loan has been used to fund capital expenditure at the Richards Bay Coal Terminal and is denominated in South African Rand and the rate of interest payable is 14.25% variable.

The long term loan is repayable in half-yearly instalments commencing in January 2006 until 2015.

### 20. Provisions for Liabilities and Charges

	Post- retirement benefits US\$000	Retrenchment and gratuities US\$000	Rehabilitation US\$000	Deferred taxation US\$000	Total US\$000
At 1 October 1999	6,826	3,263	42,227	37,318	89,634
Increase in the discounted provision as a result of the passage of time	-	-	1,490	-	1,490
Charge for the period	(2,569)	1,084	2,660	(8,288)	(7,113)
Utilised	-	(14)	(2,231)	-	(2,245)
Provision of operations disposed of	-	-	(4,384)	-	(4,384)
Exchange rate adjustment	(1,126)	(775)	(8,349)	(6,752)	(17,002)
At 1 January 2001	3,131	3,558	31,413	22,278	60,380
Exchange adjustment	(1,763)	(1,682)	(14,639)	(12,695)	(30,779)
Increase in the discounted provision as a result of the passage of time	-	-	1,542	-	1,542
Charge for the year	1,056	1,351	2,185	6,379	10,971
Utilised	-	(137)	(2,419)	-	(2,556)
Reclassification	995	-	8,659	8,760	18,414
<b>At 31 December 2001</b>	<b>3,419</b>	<b>3,090</b>	<b>26,741</b>	<b>24,722</b>	<b>57,972</b>

The rehabilitation and retrenchment provisions fall payable as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Amounts falling due:		
In one year or less or on demand	2,795	2,363
Between one and two years	3,781	3,099
Between two and five years	15,548	10,146
In five years or more	9,289	11,133
	31,413	26,741

## Part VI Financial information – Accountants’ Report on the Duiker Group

Deferred taxation provided in the accounts is as follows:

	At 31 December 2000 US\$000	At 31 December 2001 US\$000
Capital allowances in advance of depreciation	29,322	31,472
Rehabilitation provision	(3,352)	(3,208)
Other timing differences	(3,692)	(3,542)
	22,278	24,722

Post-retirement benefits refer to medical aid benefits provided by the Duiker Group (see note 26).

The provision for retrenchment refers to the closure of the Klipwal gold mines and the KwaZulu-Natal anthracite mine in 2000 and the closure of the Rietspruit mines in 2002.

### 21. Share Capital

Duiker Mining (pty) Ltd  
Authorised

	At 31 December 2000 thousands	At 31 December 2001 thousands
Ordinary shares of 3.5 ZAR cents each	17,500	17,500
<b>Allotted, called up and fully paid</b>		
	<b>At 31 December 2000 thousands</b>	<b>At 31 December 2001 thousands</b>
Duiker Mining (Pty) Ltd Ordinary shares of 3.5 ZAR cents each	339,169	339,169
Duiker Marketing AG Ordinary Shares	-	56
<b>Total share capital</b>	<b>1,965</b>	<b>2,021</b>

During the year no ordinary shares (2000: 29,700 ordinary shares; 1999: 512,040 ordinary shares) of 3.5 ZAR cents each were issued at a value per share of US\$ nil (2000: US\$153; 1999 : US\$2,970). The shares were issued following the exercise of options in the share incentive scheme trust. This trust was deregistered in April 2000.

#### Duiker Marketing AG

Duiker Marketing AG was incorporated on 15 November 2000 with an issued and paid up share capital of CHF100,000 (US\$56,456) and trading commenced during 2001.

### 22. Reserves

	Foreign exchange reserve US\$000	Share premium account US\$000	Other reserves US\$000	Profit and loss account US\$000
At 1 October 1999	930	158,738	(14)	76,194
Arising on share issues	-	18	-	-
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	174	-
Growth in rehabilitation funds	-	-	-	2,348
Retained profit for the year	-	-	-	31,233
Exchange difference on retranslation of opening balance sheet	(51,909)	-	-	-
<b>At 1 January 2001</b>	<b>(50,979)</b>	<b>158,756</b>	<b>160</b>	<b>109,775</b>
Capital repayment	-	(33,624)	-	-
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(90)	-
Retained profit for the year	-	-	-	87,403
Growth in rehabilitation funds	-	-	-	2,652
Exchange differences on retranslation of opening balance sheet	(98,828)	-	-	--
<b>At 31 December 2001</b>	<b>(149,807)</b>	<b>125,132</b>	<b>70</b>	<b>199,830</b>

During 2001 Duiker Mining reduced its share premium account by making a capital repayment, as permitted by the Companies Act of South Africa, accordingly this is shown in the statement of total recognised gains and losses for the period rather than profit and loss account.

## Part VI Financial information – Accountants' Report on the Duiker Group

### 23. Notes to the Statement of Cash Flows

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 30 September 1999 US\$000	15 months ended 31 December 2000 US\$000	Year ended 31 December 2001 US\$000
Operating profit	29,455	25,208	144,404
Depreciation	23,820	21,537	15,469
Provision against investments	–	–	(174)
Exchange loss	3,251	552	–
Movement in provisions	(473)	420	3,103
Movement in debtors	(2,780)	(23,631)	(10,336)
Movement in stocks	(2,541)	6,790	(16,107)
Movement in creditors	16,187	7,698	(37,204)
<b>Net cash inflow from operating activities</b>	<b>66,919</b>	<b>38,574</b>	<b>99,155</b>

#### (b) Analysis of net debt

	At 1 October 1998 US\$000	Cash flow US\$000	Exchange differences US\$000	Other non-cash movements US\$000	At 30 September 1999 US\$000
Cash at bank and in hand	19,808	(18,730)	39	–	1,117
Bank overdrafts	–	(12,820)	(39)	–	(12,859)
Cash	19,808	(31,550)	–	–	(11,742)
Short-term borrowings	(479)	–	8	–	(471)
Long-term borrowings	(112,632)	14,309	(1,234)	–	(99,557)
	(93,303)	(17,241)	(1,226)	–	(111,770)

	At 1 October 1999 US\$000	Cash flow US\$000	Exchange differences US\$000	Other non-cash movements US\$000	At 31 December 2000 US\$000
Cash at bank and in hand	1,117	10,523	(1,448)	–	10,192
Bank overdrafts	(12,859)	11,411	1,448	–	–
Cash	(11,742)	21,934	–	–	10,192
Short-term borrowings	(471)	(27,887)	2,957	–	(25,401)
Long-term borrowings	(99,557)	19,057	17,950	3,641	(58,909)
	(111,770)	13,104	20,907	3,641	(74,118)

The other non-cash movement relates to the loan included within the balance sheet of Bosveld Mines (Pty) Limited that was disposed of during the period.

	At 1 January 2001 US\$000	Cash flow US\$000	Exchange differences US\$000	Other non-cash movements US\$000	At 31 December 2001 US\$000
Cash at bank and in hand	10,192	5,375	(4,324)	–	11,243
Bank overdrafts	–	(15,092)	4,324	–	(10,768)
Cash	10,192	(9,717)	–	–	475
Short-term deposits	(25,401)	–	9,524	–	(15,877)
Loans	(58,909)	21,733	15,869	–	(21,307)
	(74,118)	12,016	25,393	–	(36,709)

## Part VI Financial information – Accountants’ Report on the Duiker Group

### 24. Post Balance Sheet Event

On 21 February 2002, Xstrata plc, Xstrata (Schweiz) AG and Xstrata South Africa (Proprietary) Limited (the “Purchasers”), Xstrata AG and Glencore International AG, Duiker Coal Investments Limited, Duffield Trading Limited, Glencore Finance (Bermuda) Limited and Stychus Invest AG (the “Vendors”) entered into the Acquisition agreement to purchase the entire issued share capital of each of Glencore Overseas AG (of which Enx Resources Limited is a wholly owned subsidiary), Duiker Marketing AG and Duiker Mining (Proprietary) Limited (the “Coal Assets”) for cash and Ordinary Shares in Xstrata plc with an aggregate value of US\$2,067,910,000 (which includes an agreed amount relating to working capital of US\$73,000,000), in addition to which Xstrata plc has agreed to assume net indebtedness of Glencore Overseas AG, Duiker Mining (Proprietary) Limited and Duiker Marketing AG and each of their subsidiaries and subsidiary undertakings and where the context requires their associated undertakings and procure the repayment of shareholder loans to Glencore International AG, resulting in a total value of US\$2,573,000,000. Completion of the Acquisitions is subject to a number of conditions including Admission of the shares of Xstrata plc to the Official List of the UK Listing Authority.

The acquisition agreement is subject to a number of conditions, including regulatory and third party consents.

### 25. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to US\$2,689,000 (2000 – US\$8,071,000; 1999 – US\$72,000). The Duiker Group has operating lease commitments in respect of properties of US\$177,000 (2000 – US\$155,000) that expire after more than five years.

### 26. Pension Commitments

The Duiker Group participates in a number of pension schemes as follows:

#### The Mine Employees Pension Fund

This is a defined benefits scheme providing benefits based on final pensionable salary. The fund intends to convert to a defined contributions scheme in 2002.

The most recent valuation was at 30 June 1999 using the Projected Unit Method. This valuation has been updated to 30 June 2000. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment return would be 17% as compared to a rate of increase in salaries of 13% in the period up to retirement. It was assumed that the rate of increase of pensions in payment would be 5% per annum.

This is a multi-employer scheme and accordingly, the Duiker Group is unable to identify its share of the underlying assets and liabilities of the scheme, consequently it has been accounted for as a defined contribution scheme. The most recent actuarial valuation at 30 June 2000 showed that the actuarial value of the assets of US\$1,408,000,000 (1999: US\$1,529,000,000) represented 102.7% of the liabilities at the valuation date, after allowing for expected future increases in earnings. The employer’s future service contribution rate remained unchanged as a result of this valuation.

#### The Sentinel Mining Industry Retirement Fund (formerly the Mine Officials Pension Fund)

This is a defined contributions scheme providing benefits based on the contributions paid by the employer and employee and the returns made on these contributions. The fund previously operated as a defined benefit scheme providing benefits based on final pensionable salary. The fund converted to a defined contributions scheme on 31 March 2001, however members over the age of 55 at conversion retain their defined benefit promise.

The most recent valuation was at 30 June 1999 using the Projected Unit Method. This valuation has been updated to 30 June 2000. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment return would be 17% as compared to a rate of increase in salaries of 13% in the period up to retirement. It was assumed that the rate of increase of pensions in payment would be 5% per annum.

This is a multi-employer scheme and accordingly, the Duiker Group is unable to identify its share of the underlying assets and liabilities of the scheme, consequently it has been accounted for as a defined contribution scheme. The most recent actuarial valuation showed that the actuarial value of the assets of US\$2,515,000,000 (1999: US\$2,722,000,000) represented 91.2% of the liabilities at the valuation date, after allowing for expected future increases in earnings. The employer’s future service contribution rate remained unchanged as a result of this valuation as the fund maintained a surplus when valued based on current market values.

There were no outstanding or pre-paid contributions to this fund at 31 December 2001.

#### The Mineworkers Provident Fund and the Duiker Provident Fund

These are defined contribution schemes providing benefits based on the contributions paid by the employer and employee and the returns made on these contributions.

There were no outstanding or pre-paid contributions to this fund at 31 December 2001.

### 27 Post-Retirement Benefits other than Pensions

The Duiker Group provides post-retirement medical aid benefits for a number of its employees. Entitlement to these benefits is dependent upon the employee remaining in service until retirement age, and is subject to periodic review. The Duiker Group recognises the estimated liability on an accrual basis over the working life of the eligible employees.

## Part VI Financial information – Accountants’ Report on the Duiker Group

The accumulated post-retirement medical aid obligations and the annual cost of these benefits were determined by independent actuaries as at 1 December 2001. The assumptions used include estimates of life expectancy of between 72 and 77 years of age and long-term estimates of the increases in medical cost of 12.2% per annum, appropriate discount rate of 15% per annum and the level of claims based on the Duiker Group’s past experience. Actuarial valuations are conducted annually at which time any shortfalls are funded through increased contributions. The actuarial valuation was last performed at 1 December 2001 and showed an obligation of US\$3,416,000 (2000: US\$3,137,000) which has been fully provided (see note 20). The scheme is unfunded.

### 28. Other Related Party Transactions

During the year the Duiker Group entered into the following transactions, in the ordinary course of business, with other related parties:

Related party	Sales to related party US\$000	Management fees to related party US\$000	Amounts owed to related party US\$000	Amounts owed from related party US\$000
Glencore International AG				
2001	191,308	–	–	5,837
2000	71,016	–	–	10,678
1999	–	–	–	–
Lonmin Management Services (Pty) Limited				
2001	–	–	–	–
2000	–	95	–	–
1999	–	675	–	–

Duiker Coal Investment Limited is the parent company of the Duiker Group. Glencore International AG is the ultimate holding company and controlling party of the Duiker Group.

Lonmin Management Services (Pty) Limited is a former subsidiary of the Duiker Group. Upon the acquisition of the Duiker Group by Glencore Coal Investment Limited in 2000, Lonmin Management Services (Pty) Limited ceased to be a related party. Prior to the acquisition by Glencore, Lonmin (U.K.) Limited was the parent company and Lonmin PLC was the ultimate holding company of the Duiker Group.

### 29. Financial Instruments

The Duiker Group’s financial instruments comprise borrowings, investments, cash and liquid resources and various items, such as trade debtors, trade creditors and contractual provisions arising in the ordinary course of its operations. The Duiker Group does not acquire, hold or issue derivative instruments for trading purposes.

The main risks associated with the Duiker Group’s financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

#### Interest rate risk

The Duiker Group finances its operations through a mixture of retained earnings and bank borrowings. Borrowings are made in South African Rand and were also made in US dollars until 2000. These borrowings bear interest at floating rates as disclosed in note 19.

#### Liquidity risk

The Duiker Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. A maturity table for these borrowings is shown in note 19. Short-term flexibility is achieved by the availability of overdraft facilities.

#### Currency risk

It is the Duiker Group’s policy only to enter into forward foreign exchange contracts to manage its exposure to certain foreign currency denominated liabilities. The company has not entered into any such contracts during the period under review. Approximately 80% of the Duiker Group’s sales are dollar denominated. The Rand is the functional currency of the Duiker Group. The Duiker Group also has a foreign subsidiary located in Switzerland (in the process of de-registering) whose revenues and expenses are denominated in US dollars and Swiss Francs, respectively.

The only currency exposure requiring reporting under FRS13 was a US dollar loan of US\$43.9 million in 1999.

#### Credit risk

Credit risk represents the bad debts that would be incurred in the event of non payment by debtors. To reduce exposure to credit risk, the Duiker Group evaluates and monitors the credit standing of its customers. Concentration of credit risk is managed by spreading its debtors among a number of customers and geographical areas. Credit risk exposure on financial assets is equal to their carrying amounts on the balance sheet.

The carrying values of the financial assets and liabilities are equal to their fair value. The following disclosures include short-term debtors and liabilities.

## Part VI Financial information – Accountants’ Report on the Duiker Group

### Financial liabilities – interest rate and currency profile for the Duiker Group as at 30 September 1999

	Currency	Bearing interest at floating rate US\$000	Weighted average floating rate %	Interest free US\$000	Total US\$000
Borrowings (including bank overdraft)	ZAR	68,986	16.27	–	68,986
	US\$	43,902	6.98	–	43,902
Trade creditors and accruals	ZAR	–	–	60,595	60,595
Provisions	ZAR	42,227	5.0	3,263	45,490
		155,115	10.57	63,858	218,973

### Financial liabilities – interest rate and currency profile for the Duiker Group as at 31 December 2000

	Currency	Bearing interest at floating rate US\$000	Weighted average floating rate %	Interest free US\$000	Total US\$000
Borrowings	ZAR	84,309	11.52	–	84,309
Trade creditors and accruals	ZAR	–	–	56,069	56,069
Provisions	ZAR	31,413	5.0	3,558	34,971
		115,722	9.75	59,627	175,349

### Financial liabilities – interest rate and currency profile for the Duiker Group as at 31 December 2001

	Currency	Bearing interest at floating rate US\$000	Weighted average floating rate %	Interest free US\$000	Total US\$000
Borrowings (including bank overdraft)	ZAR	47,948	11.19	–	47,948
Trade creditors and accruals	ZAR	–	–	22,641	22,641
Provisions	ZAR	26,741	5.0	3,090	29,831
		74,689	8.97	25,731	100,420

### Financial assets – interest rate and currency profile for the Duiker Group as at 30 September 1999

	Fixed rate financial assets US\$000	Floating rate financial assets US\$000	Interest free US\$000	Total US\$000
South African Rand	–	173	44,067	44,240
US dollar	–	–	24,373	24,373
Swiss Francs	–	966	–	966
	–	1,139	68,440	69,579

The floating rate financial assets are bank accounts which attract interest at commercial rates.

The interest free financial assets consist of investments in unlisted securities and the rehabilitation trust fund and short-term debtors.

## Part VI Financial information – Accountants’ Report on the Duiker Group

### Financial assets – interest rate and currency profile for the Duiker Group as at 31 December 2000

	Fixed rate financial assets US\$000	Floating rate financial assets US\$000	Interest free US\$000	Total US\$000
South African Rand	–	8,877	28,288	37,165
US dollar	–	–	25,092	25,092
Swiss Francs	–	1,115	–	1,115
	–	<b>9,992</b>	<b>53,380</b>	<b>63,372</b>

The floating rate financial assets are bank accounts which attract interest at commercial rates.

The interest free financial assets consist of investments in unlisted securities and the rehabilitation trust fund and short-term debtors.

### Financial assets – interest rate and currency profile for the Duiker Group as at 31 December 2001

	Fixed rate financial assets US\$000	Floating rate financial assets US\$000	Interest free US\$000	Total US\$000
South African Rand	–	2,365	13,931	16,296
US dollar	–	8,254	33,986	42,240
Swiss Francs	–	145	–	145
	–	<b>10,764</b>	<b>47,917</b>	<b>58,681</b>

The floating rate financial assets are bank accounts, which attract interest at commercial rates.

The interest free financial assets consist of investments in unlisted securities and the rehabilitation trust fund and short-term debtors.

#### *Borrowing facilities*

The undrawn committed facilities available in respect of which all conditions precedent had been met at 31 December 2001 were as follows:

	As at 31 December 1999 US\$000	As at 31 December 2000 US\$000	As at 31 December 2001 US\$000
Expiring in less than one year	–	–	16,542
Expiring in less than two years	6,267	2,701	1,572
	6,267	2,701	18,114

### 30. Parent Company and Ultimate Controlling Party

The parent company of the Duiker Group is Duiker Coal Investment. The ultimate controlling party is Glencore International AG.

The parent company and ultimate controlling party of Duiker Marketing AG is Glencore International AG.

### 31. Contingent Liabilities

As at 31 December 2001, the Duiker Group has a US\$277,000 (2000: US\$302,000) contingent liability in respect of power lines installed at various mines. Should the operation of these mines cease before a given period the Duiker Group will become liable for a percentage of the capital cost incurred by Eskom.

During the year ended 31 December 2001, the Duiker Group has entered into guarantees in respect of properties on operating leases. The contingent liability as at 31 December 2001 amounts to US\$277,000.

Yours faithfully



Ernst & Young LLP

## Part VI Financial information – Estimated cash flow requirements

### Estimated cash flow requirements – based upon gross global offer proceeds of US\$1,239.5 million

19.4(g)

Set out below for illustrative purposes only, is a summary of the estimated cash flows of the Group from 1 January 2002 to 31 March 2004. These estimates do not constitute a forecast, whether of profits or otherwise, and should be read in conjunction with the assumptions set out below. The estimates and assumptions underlying the projections are inherently uncertain, based upon events that have not taken place, and are subject to significant economic, competitive and other uncertainties and contingencies beyond the control of the Group. See "Investment considerations" in Part IV and "Presentation of information – Forward-looking statements" for a discussion of some of these factors. The estimates and underlying assumptions speak only as of the date hereof, and are subject to change. Consequently there can be no assurances that the projected results or cash flows can be realised or that actual results or cash flows will not be higher or lower than those projected, and this summary should not be relied upon as such.

	Year ending 31 December 2002 US\$m	Year ending 31 December 2003 US\$m	Three months ending 31 March 2004 US\$m
<b>Receipts</b>			
Turnover	2,125.3	2,463.3	708.5
Issue of shares	1,239.5	–	–
Net new borrowings	111.1	–	–
Movements in working capital	8.7	[2.2]	[21.8]
	3,484.6	2,461.1	686.7
<b>Payments</b>			
Cash operating costs	1,425.8	1,654.3	447.8
Financing costs	34.7	33.7	7.9
Repayment of borrowings	–	–	–
Capital expenditure	261.6	234.2	50.7
Cost of acquisition	1,350.6	–	–
Dividends paid	–	68.2	–
Taxation	118.4	124.4	14.0
<b>Net cash flow</b>	<b>293.5</b>	<b>346.3</b>	<b>166.3</b>
<b>Opening net balance</b>	<b>98.6</b>	<b>392.1</b>	<b>738.4</b>
<b>Closing net balance</b>	<b>392.1</b>	<b>738.4</b>	<b>904.7</b>

The illustrative projected cash flows, which have been prepared by the Directors, should be read in conjunction with the assumptions set out below.

### Turnover and operating costs

The turnover and operating costs are based on the relevant mineral resources to be extracted, management forecasts of the expected grade structures of the saleable resources, mineral concentrates and products and the expected extraction costs and the following commodity prices:

Commodity		Year ending 31 December 2002	Year ending 31 December 2003	Three months ending 31 March 2004
Coal Australia export FOB	US\$ per tonne	29.35 to 34.93	30.54 to 35.70	33.00 to 38.46
Coal Australia domestic	US\$ per tonne	12.45 to 19.32	14.72 to 22.78	17.48 to 25.11
Coal South Africa export FOB	US\$ per tonne	29.60	31.58	33.05
Coal South Africa domestic	US\$ per tonne	8.32	7.25	7.19
Zinc	US\$ per tonne	877.00	1,042.00	1,148.00
Ferrochrome FOB	USc per lb	22.00	22.00	23.00
Vanadium Pentoxide CIF	US\$ per lb	1.13	1.79	2.58
Ferrovandium CIF	US\$ per kilogramme	7.40	10.10	13.50

### Capital expenditure

Capital expenditure has been projected in line with the long-term strategic plans of the Group at the time of listing.

### Acquisitions and disposals

For the purpose of the estimated cash flows, it has been assumed that the Group will not make any major acquisitions or disposals, although such acquisitions and disposals may in fact occur.

### Inflation

Annual inflation has been estimated by the Directors as 6% in South Africa, 2.5% in Australia, 2.5% in the US and 2.5% in Spain in respect of administrative expenses throughout the period.

## Part VI Financial information – Estimated cash flow requirements

### Taxation

Cash tax assumed payable as a percentage of profit before tax as follows:

Year ending 31 December 2002 24%.

Year ending 31 December 2003 23%.

Three months ending 31 March 2004 24%.

### Interest rates

Interest rates are assumed to be 0% per annum on positive cash balances and 2.90% per annum on corporate borrowings.

### Exchange rates

The following rates have been adopted:

For the year ended 31 December 2002	For the year ended 31 December 2003	For the three months ended 31 March 2004
US\$1 = ZAR 11.00	US\$1 = ZAR 11.76	US\$1 = ZAR 12.17
= A\$ 1.84	= A\$ 1.65	= A\$ 1.59
= Euro 1.10	= Euro 1.10	= Euro 1.09

### Other significant assumptions

There will be no change in current legislation, taxation or regulations or currently accepted practice (in particular with regard to the requirements associated with environmental matters or concerning the remittance of funds or exchange controls) or adverse political, economic or social changes, which will significantly affect the Group's operations.

There will be no material disruption to the Group's business due to industrial disputes, equipment breakdown, natural disasters or otherwise.

The Global Offer will raise US\$1,239.5 million and US\$111.1 million will be raised in new corporate debt net of repayments of previously outstanding debt. The expenses relating to the issue of the Ordinary Shares, the Acquisitions, the Merger and the Syndicated Loan Facility are estimated to amount to US\$113 million (including VAT).

The Acquisition consideration payable to Glencore will be US\$2,088 million satisfied in cash and shares.

### Funding requirement

There are no additional funding requirements of the Group for the period until 31 March 2004 over and above funds raised as part of the Global Offer and new corporate debt as described above.

### Sensitivity analysis

The table sets out the impact of a 10% movement in commodity prices and exchange rates on the estimated cash flow for the year ended 31 December 2002:

US\$ millions	-10%	+10%
Base case	293.5	293.5
Coal	-101.8	+97.9
Zinc	-29.8	+29.8
Chrome	-16.4	+16.3
AUD	+50.9	-62.4
ZAR	+44.1	-53.9