ANGLO PLATINUM

A member of the Anglo American plc group

MAIN FEATURES

- Noticeable improvement in safety performance
- Record headline earnings, up 8% to R13.3 billion
- Produced 2.39 million refined platinum ounces
- Rand basket price per platinum ounce up by 23% to R22,348
- Implemented an Employee Share Ownership Plan

ABRIDGED FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R millions	Audited year ended 31 Dec 2008	% change	Audited year ended 31 Dec 2007
GROSS SALES REVENUE	**51,118**		46,961
Mined	**40,183**		40,749
Purchased metals	**10,935**		6,212
Commissions paid	**(353)**		(345)
NET SALES REVENUE	**50,765**	9	46,616
COST OF SALES	**(33,682)**	(22)	(27,519)
GROSS PROFIT ON METAL SALES	**17,083**	(11)	19,097
Mined	**15,401**		18,470
Purchased metals	**1,682**		627
Other net income/(expenditure)	**949**		(119)
Market development and promotional expenditure	**(378)**		(324)
OPERATING PROFIT	**17,654**	(5)	18,654
Profit on disposal of investment in Northam Platinum Limited	**1,141**		–
Interest expensed	**(159)**		(182)
Interest received	**277**		403
Dividends received	**55**		–
Net income from associates	**161**		448
PROFIT BEFORE TAXATION	**19,129**	(1)	19,323
Taxation	**(4,470)**	33	(6,656)
PROFIT FOR THE YEAR	**14,659**	16	12,667
OTHER COMPREHENSIVE INCOME			
Deferred foreign exchange translation gains/(losses)	**4**		(57)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**14,663**		12,610
PROFIT ATTRIBUTABLE TO:			
Owners of the Company	**14,243**	16	12,330
Minority interest	**416**	23	337
	14,659		12,667
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	**14,247**		12,273
Minority interest	**416**	23	337
	14,663		12,610
Number of shares in issue (millions)	**237.1**		236.4
Weighted average number of ordinary shares in issue (millions)	**236.8**		234.7
Attributable earnings per ordinary share (cents)			
– Basic	**6,011**	15	5,241
– Diluted	**5,985**	15	5,203
RECONCILIATION BETWEEN PROFIT AND HEADLINE EARNINGS			
Profit attributable to shareholders	**14,243**		12,330
Less: Deemed dividends to preference shareholders	**(5)**		(16)
Less: Declared and undeclared cumulative preference share dividends and related STC	**(7)**		(15)
Basic earnings attributable to ordinary shareholders	**14,231**		12,299
Adjustments (after tax where applicable):			
Profit on disposal of investment in Northam Platinum Limited (after tax of R139 million)	**(1,002)**		–
Net loss/(profit) on disposal and scrapping of property, plant and equipment (after tax of R19 million 2007: R2 million)	**51**		(5)
Headline earnings attributable to ordinary shareholders	**13,280**	8	12,294
Add: Deemed dividends to preference shareholders	**5**		16
Add: Declared and undeclared cumulative preference share dividends and related STC	**7**		15
Headline earnings	**13,292**		12,325
Attributable headline earnings per ordinary share (cents)			
– Headline	**5,609**	7	5,239
– Diluted	**5,586**	7	5,201
Dividends per ordinary share (cents)	**3,500**		5,200
– Interim	**3,500**		2,900
– Final	**–**		2,300
Dividends per preference share (cents)	**638**		638
Dividend cover per ordinary share (headline earnings)	**1.6**		1.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R millions	Share capital	Share premium	Foreign currency translation reserve	Accumulated profits	Minority interests	Total
Balance at 31 December 2006	**23**	**5,568**	**–**	**22,590**	**511**	**28,692**
Total comprehensive income for the year			(57)	12,330	337	12,610
Ordinary and preference dividends	1	3,627		(15,904)		(12,276)
Paid in cash				(12,276)		(12,276)
Dividends reinvested	1	3,627		(3,628)		–
Cash distribution to minorities					(382)	(382)
Ordinary share capital issued	–*	853				853
Conversion of preference shares	–*	(753)				(753)
Equity-settled share based compensation				57		57
Shares purchased for employees		–		(28)		(28)
Balance at 31 December 2007	**24**	**9,295**	**(57)**	**19,045**	**466**	**28,773**
Total comprehensive income for the year			4	14,243	416	14,663
Ordinary and preference dividends paid in cash				(13,816)		(13,816)
Cash distribution to minorities					(421)	(421)
Unclaimed dividends				–*		–
Ordinary share capital issued	–*	192				192
Conversion of preference shares	–*	(114)				(114)
Issue of shares in respect of Employee Share Participation Scheme (Scheme)	–*	1,954				1,954
Scheme shares reflected as treasury shares	(–*)	(1,954)				(1,954)
Equity-settled share-based compensation				262		262
Shares purchased for employees				(43)		(43)
Balance at 31 December 2008	**24**	**9,373**	**(53)**	**19,691**	**461**	**29,496**

* Less than R500,000.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R millions	Audited year ended 31 Dec 2008	Audited year ended 31 Dec 2007
ASSETS		
NON-CURRENT ASSETS	**47,400**	36,964
Property, plant and equipment	**28,435**	20,697
Capital work-in-progress	**18,136**	15,561
Investment in associates	**530**	391
Investments held by environmental trusts	**66**	120
Other financial assets	**158**	116
Other non-current assets	**75**	79
CURRENT ASSETS	**18,715**	14,832
Inventories	**10,064**	6,370
Trade and other receivables	**3,941**	4,246
Other assets	**225**	134
Other current financial assets	**1,615**	3
Cash and cash equivalents	**2,870**	4,079
Assets classified as held for sale	**2,553**	2,254
TOTAL ASSETS	**68,668**	54,050
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital - ordinary and preference	**24**	24
Share premium - ordinary and preference	**9,373**	9,295
Foreign currency translation reserve	**(53)**	(57)
Accumulated profits	**19,691**	19,045
Minority shareholders' interest	**461**	466
SHAREHOLDERS' EQUITY	**29,496**	28,773
NON-CURRENT LIABILITIES	**23,098**	12,821
Interest-bearing borrowings	**10,313**	2,713
Obligations due under finance leases	**509**	490
Other financial liabilities	**152**	–
Environmental obligations	**1,019**	840
Employees' service benefit obligations	**4**	30
Deferred taxation	**11,101**	8,748
CURRENT LIABILITIES	**15,328**	11,509
Current interest-bearing borrowings	**5,507**	4,962
Trade and other payables	**4,956**	4,105
Other liabilities	**1,807**	1,615
Other current financial liabilities	**2,388**	–
Share-based payment provision	**97**	474
Taxation	**573**	353
Liabilities directly associated with assets classified as held for sale	**746**	947
TOTAL EQUITY AND LIABILITIES	**68,668**	54,050

CONSOLIDATED STATEMENT OF CASH FLOWS

R millions	Audited year ended 31 Dec 2008	Audited year ended 31 Dec 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**52,855**	46,380
Cash paid to suppliers and employees	**(33,612)**	(25,715)
Cash from operations	**19,243**	20,665
Interest (paid)/received (net of interest capitalised)	**(99)**	5
Taxation paid	**(1,799)**	(6,821)
Net cash from operating activities	**17,345**	13,849
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment (includes interest capitalised)	**(14,388)**	(10,653)
Proceeds from sale of property, plant and equipment	**26**	81
Investment in associates	**(22)**	(11)
Disposal of subsidiary	**(17)**	–
Proceeds on sale of investment in Northam Platinum Limited	**1,572**	–
Investment of funds in escrow iro Booysendal deal	**(542)**	–
Investment in rights in preferences shares	**(1,610)**	–
Decrease/(increase) in investments held by environmental trusts	**54**	(120)
Interest received	**233**	379
Growth in environmental trusts	**36**	24
Dividends received	**132**	279
Advances made	**(30)**	–
Net cash used in investing activities	**(14,556)**	(10,021)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from the issue of ordinary share capital	**78**	100
Proceeds on interest-bearing borrowings	**8,145**	7,575
Loan from Khumama Platinum (Proprietary) Limited	**2,356**	–
Ordinary and preference dividends paid	**(13,816)**	(12,276)
Cash distributions to minorities	**(421)**	(382)
Net cash used in financing activities	**(3,658)**	(4,983)
Net decrease in cash and cash equivalents	**(869)**	(1,155)
Cash and cash equivalents at beginning of year	**4,079**	4,988
Transfer to assets held for sale	**(340)**	246
Cash and cash equivalents at end of year	**2,870**	4,079
MOVEMENT IN NET DEBT		
Net (debt)/cash at beginning of year	**(4,086)**	4,413
Net cash from operating activities	**17,345**	13,849
Net cash used in investing activities	**(14,556)**	(10,021)
Other	**(12,162)**	(12,327)
Net debt at end of year	**(13,459)**	(4,086)

NOTES TO THE ABRIDGED RESULTS

1. This abridged report complies IAS 34 - Interim Financial Reporting, as well as with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited's Listings Requirements.
2. The abridged report has been prepared using accounting policies that comply with International Financial Reporting Standards and South African Statements of Generally Accepted Accounting Practice. The accounting policies are consistent with those applied in the financial statements for the year ended 31 December 2007, except for the following changes:
   - Amendment to IAS 1 – Presentation of Financial Statements;
   - IFRIC 12 – Service Concessions;
   - IFRIC 13 – Customer Loyalty Programmes;
   - IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
   - IFRS 2 – Share Based Payment – Amendment relating to Vesting Conditions and Cancellations;
   - IFRS 5 – (Amendment) Non-Current Assets Held for Sale and Discontinued Operations;
   - IAS 32 – Financial Instruments: Presentation (Puttable Financial Instruments and Obligations Arising on Liquidation); and
   - IAS 39 – (Amendment) Eligible Hedged Items.

   For the full impact of these changes, please refer to the annual report.
3. **Taxation**
   A reconciliation of the standard rate of South African normal taxation compared with that charged in profit/loss is set out in the following table:

	2008 %	2007 %
South African normal tax rate	**28.0**	29.0
STC	**1.0**	8.7
	29.0	37.7
Foreign income	**(3.2)**	(3.3)
Capital profits	**(0.9)**	–
Change in corporate tax rate	**(1.7)**	–
Prior year overprovision	**(0.1)**	(0.1)
Other	**0.3**	0.1
Effective taxation rate	**23.4**	34.4

4. **Commitments**

	R millions	R millions
Mining and process property, plant and equipment		
Contracted for	**5,062**	4,224
Not yet contracted for	**33,451**	13,085
Authorised by the Directors	**38,513**	17,309
Allocated for expansion of capacity	**15,309**	6,281
- within one year	**3,536**	4,370
- thereafter	**11,773**	1,911
Maintenance of capacity	**23,204**	11,028
- within one year	**5,577**	5,787
- thereafter	**17,627**	5,241
Other		
Operating lease rentals - buildings	**647**	575
Due within one year	**95**	47
Due within two to five years	**238**	213
More than five years	**314**	315
Information Technology Service Providers	**679**	569
Due within one year	**174**	147
Due within two to five years	**505**	411
More than five years	**–**	11

These commitments will be funded from existing cash resources, future operating cash flows, borrowings and any other funding strategies embarked on by the Group, including an increase in the debt facility from the Company's major shareholder Anglo American from R6.5 billion at December 2008 to its current level of R13.5 billion.

5. **Contingent liabilities**
   Letters of comfort have been issued to financial institutions to cover certain banking facilities. There are no encumbrances of Group assets, other than the houses held under finance leases by the Group.

   Aquarius Platinum (South Africa) (Proprietary) Limited holds a put option to put their interest in the Kroondal pooling and sharing arrangement to the Group in the case of termination of that relationship. The probability of the option being exercised is considered remote. The amount of such an obligation is dependant on a discounted cash flow valuation of their interest at that point in time.

   The Group is the subject of various claims, which are individually immaterial. The expected outcomes of these individual claims are varied, but on a probability weighting the amount is estimated at R82 million (2007: R70 million).

   The Group has in the case of some of its mines provided the Department of Minerals and Energy with guarantees that cover the difference between closure cost and amounts held in environmental trusts. At 31 December 2008, these guarantees amounted to R2,030 million (2007: R1,939 million).

   The Group has provided Lexshell 36 General Trading (Proprietary) Limited (a company owned by the Bakgatla-Ba-Kgafela traditional community) with a facility that covers their debt repayments should that company not be able to meet the repayments. The facility is limited to Union Section's cash flows, and a call on this facility is considered a remote possibility.

   Rustenburg Platinum Mines Limited ("RPM") has granted a R2 billion loan facility to Royal Bafokeng Resources (Proprietary) Limited ("RBR") for the purpose of funding its contributions to the BRPM Joint Venture. The loan is repayable in full on 11 August 2012. The RBR has ceded and pledged its interest in the BRPM Joint Venture to RPM as security for the loan. RPM also has the right to register a notarial bond and a mortgage bond over RBR's undivided share of the assets of the BRPM Joint Venture. No drawdowns have been made against this facility at year end.
6. **Change in accounting estimate**
   Metal inventories
   During the year, the Group changed its estimate of the quantities of inventory based on the outcome of a physical count of in-process metals. The Group runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Due to the fact that in-process inventories are contained in weirs, pipes and other vessels, physical counts only take place once per annum, except in the Precious Metals Refinery which takes place once every two years. This change in estimate has had the effect of increasing the value of inventory disclosed in the financial statements by R200 million (2007: R148 million). This results in the recognition of an after-tax gain of R144 million (2007: R105 million). The amount of the effect in future periods has not been disclosed because estimation is impracticable.
7. **Revision of conversion price applicable to convertible preference shares**
   As the dividend cover in respect of the 2007 dividend was less than 1.4 times, it was necessary, in accordance with the rights and privileges attaching to the convertible perpetual cumulative preference shares ("convertible preference shares"), to amend the conversion price to be used when the convertible preference shares are converted into ordinary shares. The conversion price was R284.24 or 35.18154 ordinary shares for each 100 convertible preference shares converted. Based on the volume weighted average traded price of Anglo Platinum ordinary shares on the JSE Limited for the five business days ended Friday, 7 March 2008 of R1,299.15 the conversion price was amended to R281.05 or 35.58086 shares for every 100 convertible preference shares converted.

   This decrease in the conversion price has resulted in a deemed dividend for the purpose of calculating earnings per share in terms of IAS 33 – Earnings per share to the outstanding preference shareholders at the date of the adjustment. Consequently, this deemed dividend of R3.19 (2007: R4.19) per convertible preference share, amounting to R5 million (2007:R16 million) has been taken into account when calculating the basic earnings attributable to ordinary shareholders. This amount has been included with the preference dividends due to preference shareholders of R7 million (2007: R15 million) in the total amount attributable to preference shareholders.
8. **Assets held for sale (BEE transactions)**
   Disposal of investment in associate - Northam and 50% interest in Booysendal joint venture
   In September 2007, the Board approved the disposal of Anglo Platinum's 22.4% interest in Northam and 50% stake in the Booysendal joint venture and a portion of Der Brochen to Mvelaphanda Resources Limited (Mvela) for a purchase consideration of R4 billion. The sale was subject to the finalisation of binding legal agreements and certain regulatory and third party approvals at 31 December 2007. Subsequent to this, the transaction agreements were concluded and all the conditions precedent, except for ministerial approval pertaining to the transfer of control of New Order Booysendal prospecting rights, were met. The parties subsequently restructured the agreements in August 2008 to implement the Northam part of the transaction, as this portion of the transaction did not require ministerial approval. That part of the transaction then closed on 20 August 2008 with the funds flowing from Mvela to Anglo Platinum and Anglo Platinum transfering ownership of the Northam shares to Mvela.The funds received relating to the Northam transaction (R1.6 billion) were utilised by Anglo Platinum whereas the remainder of the funds were put into escrow (R542 million) and invested in rights to preference shares (R1,610 million). The funds relating to Booysendal will only be released to Anglo Platinum upon receipt of ministerial approval. Consequently, the Booysendal part of the transaction has not yet been implemented. Although the Northam portion of the transaction has been implemented, it is still subject to unwind if ministerial approval does not occur.

   Disposal of 51% shareholding in Lebowa Platinum Mines (LPM) and 1% interest in Ga-Phasha, Boikgantsho and Kwanda joint ventures
   In September 2007, the Board approved the disposal of an effective 51% of LPM (Richtrau 177 (Proprietary) Limited), a wholly owned subsidiary of Anglo Platinum and an additional 1% of its interest in the Ga-Phasha, Boikgantsho and Kwanda joint venture (50:50) projects, to Anooraq Resources Corporation for a cash purchase consideration of R3.6 billion. In April 2008, a suite of definitive legal agreements was entered into, which remained subject to various suspensive conditions. Due to the significant deterioration in global market conditions, coupled with a material decline in platinum group metal prices and constrained debt and equity capital markets, in the fourth quarter of 2008, the Lebowa mine plan and project pipeline, including the Middelpunt Hill UG2 expansion project, were placed under critical review in conjunction with Anooraq. Anglo Platinum and Anooraq remain committed to concluding the transaction as soon as practically possible and have thus extended the date for fulfilment of the conditions until 30 April 2009.
9. **Implementation of the Kotula Trust**
   The shareholders of the company approved the implementation of the Group Employee Share Participation Scheme ("the scheme") at a combined general meeting on 31 March 2008. The conditions precedent were subsequently met and the scheme was implemented on 16 May 2008. The Kotula Trust, which was established to facilitate the implementation of the scheme on behalf of the beneficiaries, was issued with 1,008,519 ordinary shares and 1,512,780 "A" ordinary shares. The Kotula Trust is consolidated by the Group. As the scheme is equity settled, the IFRS 2 – Share based payments charge determined on grant date, i.e. 16 May 2008 amounted to R1,954 million. This charge is being spread over the seven year vesting period of the scheme taking into consideration the various tranches vesting in 2013, 2014 and 2015.
10. **Contingent assets**
   Amandelbult insurance claim
   Due to a flash flood on 21 January 2008, the water inflow from the storm together with the water inflows from several days of abnormal rainfall, exceeded the installed dewatering capacity of the Amandelbult number 1 vertical shaft and resulted in the flooding of the shaft bottom including the pump station. This was recorded as a 1:200 year event. Production after the flood event was reduced to around 25% of normal output. An emergency dewatering program was implemented to return the shaft to normal production levels as soon as possible.

   The insurers were immediately advised and Anglo Platinum has submitted a material damage claim together with the business interruption claim for the period during which the mine was not at full capacity. However, the quantum claimable in respect of the business interruption claim under this policy can only be determined once the indemnity period of 24 months has lapsed. The final quantum of the claim is dependent on a number of variables which can only be determined during or at the end of the 24 month indemnity period. Consequently, no compensation for lost revenue in respect of the business interruption claim has been recorded due to the uncertainty around the quantum of the claim.

   Polokwane insurance claims
   On 13 February 2008, a slag and matte run-out occurred at the Polokwane Smelter, resulting in damage to both the furnace itself and ancillary equipment. After a successful repair, the furnace resumed operation and processed the majority of concentrate stocks that had accumulated during the repair period. Insurers were notified of the incident, and a material damage and business interruption claim is in preparation and at discussion with insurers.

   On 5 November 2008, a subsequent run-out (with a distinct failure mechanism) resulted in a second shut-down of the smelter. Repairs have been successfully concluded, and the smelter has resumed operation. Insurers have been notified of the incident, and a material damage and business interruption claim is in preparation.

   The business interruption quantum of both events is to be assessed across a 24 month period, and is dependent on a number of variables which can only be determined as the 24 month period progresses.
11. **Comparative figures**
   The 2007 interest bearing borrowings have been reclassified between current and non-current. As a result, the long term portion of R2,713 million has been reclassified from non- current liabilities.

   In addition, an amount of R210 million has been reclassified from 2007 liabilities directly related to assets held for sale to current interest bearing borrowings. As a result of both reclassifications, current interest bearing borrowings are now reflected at R4,962 million.

   R597 million of accruals has been reallocated from other liabilities to trade and other payables.

   As a result of these changes, the prior year IFRS 7 disclosure has been amended accordingly.
12. **Corporate governance**
   The Board considers that the Company and its subsidiaries complied during the financial year with the principles of the Code of Corporate Practices and Conduct contained in the 2002 King Committee Report on Corporate governance (King II), and that these have been applied appropriately and consistently, except with regard to the composition of the Remuneration and Nomination committees that comprise non-executive directors, not all of whom are independent non-executive directors.
13. **Audit opinion**
   The auditors, Deloitte & Touche, have issued their opinion on the Group's financial statements for the year ended 31 December 2008. The audit was conducted in accordance with International Standards on Auditing. They have issued an unqualified audit opinion. A copy of their audit report is available for inspection at the Company's registered office. These abridged financial statements have been derived from the Group financial statements and are consistent in all material respects, with the Group financial statements.

COMMENTARY

Introduction

High average dollar platinum, palladium and rhodium prices, supported by a weaker exchange rate in 2008 contributed significantly to Anglo Platinum achieving record headline earnings. Record prices for platinum and rhodium in the first half of 2008 were followed by an unprecedented price collapse in the second half of the year, associated with the global economic deterioration. High levels of operating cost inflation, although at lower levels in the latter part of 2008, contributed to the reduced operating margin for the year. The significant reduction in metal prices as a consequence of reduced demand in the last quarter of 2008 has put pressure on operating margins, and has increased the level of borrowings required to fund capital expenditure. Anglo Platinum, as a result, has taken immediate action to reduce the rate of capital expenditure and has implemented cost reduction initiatives.

Financial results

Anglo Platinum's operating profit for the year ended 31 December 2008 amounted to R17.7 billion, a decrease of 5% when compared to 2007. The decrease was driven by lower sales volume, significant increases in key input costs and an increase in the cost of metal purchased. Headline earnings, however, increased by 8% over 2007 to a record R13.3 billion as a result of higher realised metal prices, weaker exchange rate and lower taxation.

The average rand price realised for the basket of metals sold of R22,348 per platinum ounce was 23% higher than in 2007. The average prices achieved on platinum, palladium and nickel sales for the year were US$1,570 per ounce, US$355 per ounce and US$9.79 per pound respectively. Anglo Platinum successfully renegotiated the contract sales terms for rhodium resulting in the sales price of rhodium moving closer to market prices during 2008. The average price achieved on rhodium sales for the year was US$5,174 per ounce.

Net sales revenue increased by R4.1 billion to R50.8 billion. The increase was primarily the result of higher US dollar metal prices achieved on metals sold and a weaker average rand / US dollar exchange rate of R8.08 compared to R7.04 achieved in 2007 which increased revenue by R4.2 billion, and R6.6 billion respectively, offset by lower metal sales volumes, which reduced revenue by R7.0 billion.

Cost of sales increased by 22% or R6.2 billion to R33.7 billion as a net result of:

- The cost of purchases of metal, primarily in concentrate from joint venture partners and third parties, increased by 62% or R3.5 billion to R9.0 billion due to higher metal prices and an increase in the volume of metals purchased.
- Cash mining, smelting and refining costs rose 24% to R23.0 billion with the cash operating cost per equivalent refined platinum ounce rising by 36% to R11, 093. The increase in unit costs is attributable primarily to above inflationary pressures experienced in key input costs including labour, diesel, chemicals, steel grinding media, explosives and cement, compounded by reduced production from Anglo Platinum's attributable share of mining operations.
- Depreciation increased by 20% to R3.3 billion as a result of the significant increase in capital expenditure.
- Other costs increased by 8% or R140 million to R1.8 billion.
- These increases were partly offset by the increase in the net value of metals in inventory of R3.5 billion for 2008. This is attributable to an increase in stocks within the process pipeline mainly associated with smelter outages, higher refined stocks and an increase in the unit costs of metal inventories which includes the impact of higher costs in respect of metals purchased.

The Group's taxation charge decreased from R6.7 billion to R4.5 billion, reducing the effective tax rate from 34.4% in 2007 to 23.4% in 2008.

The reduction includes:

- The election of an STC exemption in respect of the 2007 final dividend and 2008 interim dividend paid to Anglo American (R877 million).
- Reduction in the South African STC rate from 12.5% to 10.0% (R329 million).
- Revaluation of the deferred tax liability due to the reduction in the South African corporate tax rate from 29% to 28% (R318 million).
- Reduced STC on lower dividends paid (R167 million).
- Lower tax on current year profits resulting from the reduction in the South African company tax rate from 29% to 28% (R144 million).

The Group's net debt position at 31 December 2008 amounted to R13.5 billion, compared to the R4.1 billion net debt position at 31 December 2007. Cash generated from operations amounted to R19.3 billion, 7% below that recorded in 2007, mainly due to higher payments to suppliers and employees. Cash outflows consisted of capital expenditure of R13.1 billion, capitalised interest of R1.3 billion, taxation payments amounting to R1.8 billion and dividend payments of R14.2 billion of which R13.8 billion were ordinary dividends and R8 million were preference dividends. In addition, R421 million of cash distributions were made minorities.

The combination of the reduction in capital expenditure and cost management initiatives, at current price levels, are expected to maintain net debt within the limits of the company's existing credit facilities. During January 2009 an increase of R7.0 billion in the Anglo American facility was agreed, and it is our view that despite the poor economic outlook the company remains in a position to meet its future approved capital commitments.

Markets

2008 was a year of unprecedented price volatility in the platinum market with platinum reaching a record of $2,276 per ounce in March before collapsing in the aftermath of the global economic crisis. In the second half of the year, the global economic downturn reduced credit availability for vehicle purchases. Anglo Platinum estimates that demand from the autocatalyst sector decreased by more than 8% or 330 000 ounces, owing to the smaller number of vehicles produced and a run-down of stock levels by the major auto companies. Although not immune to the global recession, industrial demand held up reasonably well in 2008 with demand increasing in some areas such as the chemical sector as investment in new capacity reached a peak. High prices in the first half of the year discouraged purchases of jewellery and increased the recycling of old jewellery which reduced demand for new metal. In the second half of the year the declining price of platinum encouraged purchases of metal by jewellers and investors alike.

The global supply of platinum has decreased by 11%, or 740,000 ounces, over the past two years and is not expected to increase in the current global economic environment. As a number of government support packages to stimulate the world's biggest economies start to have an impact, an increase in the demand for PGMs is expected.

Anglo Platinum expects a balanced platinum market in 2009. It also anticipates that the platinum price, which suffered 'downside overcorrection' on negative news flow in the second half of 2008, is likely to trade above $1,000 per ounce on average during 2009.

Operational performance

Anglo Platinum's focus on safety, based on zero harm and a change in safety culture, has resulted in an improvement in the safety performance across the operations with the 'lost time injury frequency rate improving by 14% to 1.74 from 2.03 in 2007. Despite the improvement, 17 employees lost their lives at Anglo Platinum's managed operations during the year, compared to 25 in 2007. Safety continues to be a focus area in our aspiration towards zero harm through elimination of all unsafe incidents and conditions.

Refined platinum production for the year of 2.39 million ounces was 4% lower than 2007 but in line with the Anglo Platinum mid year 2008 forecast.

Factors that negatively impacted production at operations include:

- Safety related stoppages;
- The suspension of operations to rehabilitate shaft steelwork at the Turffontein shaft of Rustenburg Mine;
- The disruption of operations at the Amandelbult Mine as a result of a major flood event;
- Electricity supply constraints in January and the associated ramp-up period when supply resumed;
- Commissioning delays at Mogalakwena North concentrator and lower throughput at the Mogalakwena South concentrator;
- The overall expected reduction in built-up head grade; and
- Smelter furnace run-outs at Polokwane and Waterval smelters.

The reduction in production resulting from the above disruptions were largely offset by the increase in purchased ounces from Xstrata's Eland Platinum mine which commenced delivery to Anglo Platinum in December 2007, increased production from the new Mogalakwena North pit and the Modikwa and Kroondal Platinum mines.

One of the key initiatives currently under way is the restructuring of our mining operations into more efficient stand-alone units. The new structures will allow operational management to meet the safety, labour, and technical challenges of the current mining environment. We will split our largest mines into smaller new entities, to ensure the focused and value-based management of our assets. These improvements will support a sustainable reduction in the unit cost of production and will also underpin the company's commitment to extracting maximum value from its assets.

Organisational change

Anglo Platinum has embarked on an organisational change programme aimed primarily at changing the Company culture. The initiative, based on Company values, is focused on output and strives to integrate these values into daily activities. It also supports the company's unrelenting drive to achieve zero harm in the workplace by changing attitudes to safety and enhancing clarity of purpose. This will facilitate a management style that will ensure continued operational efficiency and improved productivity.

Capital expenditure and Projects

The implementation of Anglo Platinum's extensive portfolio of mining and processing projects, in place to maintain and, potentially expand refined platinum output in the long term, continued in 2008 with expenditure on capital projects increasing 26% to R13.1 billion over 2007. Project capital expenditure amounted to R7.0 billion while expenditure to maintain operations, reported as stay-in-business capital, was R6.1 billion. Capitalised interest amounted to R1.3 billion (2007: R275 million) bringing total capital costs to R14.4 billion for 2008. Major capital projects in 2008 included the Mogalakwena North expansion project, the Paardekraal 2 shaft replacement project, the Amandelbult East Upper UG2 expansion project, the Base Metals Refinery expansion project and the Waterval Merensky Plant retrofit.

The rapid decrease in prices in the second half of 2008 led to declining margins, reflecting how global economic events negatively influence short-term demand. A review of the company's capital expenditure programme was conducted, as a result of which the total expected capital expenditure for 2009 has been reduced to R9.1 billion through the deferral of expenditure across several major and numerous smaller projects. This level of capital expenditure supports the production level of 2.4 million ounces in 2009.

The criteria used to determine project expenditure deferral were to maximise short-term reductions in expenditure and minimise the delay in reaching full production. The expected reduction in short-term production arising from the deferral of capital projects is largely expected to match the reduced demand.

The commissioning of the Mogalakwena North expansion project concentrator is complete. Capital expenditure planned for the accelerated removal of overburden at the new North pit has been deferred. As a result less ore will be exposed, consequently reducing the level of mining output originally planned for 2009.

Mining rights and transformation

Anglo Platinum received letters of grant in 2008 for new order mining rights, for Rustenburg, Amandelbult, Union, Lebowa, Mogalakwena, Twickenham, Der Brochen and BRPM mining areas from the Department of Minerals and Energy. Some of these are conditional on the submission of revised Social and Labour Plans. The application for conversion of mineral rights associated with our 50:50 joint venture with the African Rainbow Minerals consortium over Modikwa mine – is being prepared as a joint submission from both partners.

In September 2007, the company announced two major black economic empowerment transactions, with Anooraq Resources and Mvela in respect of Anglo Platinum's Lebowa Platinum Mine and its investment in Northam Platinum Limited. Steady progress is being made in concluding these transactions. The Mvela transaction is almost complete, with final consent awaited from the Minister of Minerals and Energy on the disposal of the Booysendal property. Owing to the global economic slowdown, certain aspects of the Anooraq transaction are being re-evaluated and the date for its fulfilment has been extended to 30 April 2009. All parties remain committed to concluding the transaction during 2009.

During the year, the company reached agreement with our employees and labour unions on the key terms and structure of the company's broad-based employee share ownership plan (ESOP). As a result the company established the Anglo Platinum Kotula Trust to facilitate the scheme on behalf of the beneficiaries and issued approximately 2.5 million shares to the trust, representing approximately one per cent of the company's issued ordinary share capital. More than 90% of the beneficiaries of ESOP will be historically disadvantaged South Africans. All current beneficiaries were paid a first dividend of R1,441 per Kotula share in November 2008.

In 2008 agreement was reached with Royal Bafokeng Holdings (RBH) to restructure the Bafokeng-Rasimone Joint Venture. This includes the Styldrift project, whereby Anglo Platinum will retain an effective stake of 43% in the venture and receive payment for the transfer of control. The transaction will result in the creation and listing of a black economic empowerment PGM producer, controlled by RBH and independently managed. The transaction is expected to take between one and two years to complete.

Dividends

Ordinary dividends are declared after considering current and future funding requirements and are paid out of cash generated from operations.

Anglo Platinum paid an interim ordinary dividend of 3,500 cents per share and a preference dividend of 320 cents per preference share during the second half of 2008. Due to the current uncertainty and volatility in the global economy, the Board has decided not to declare a final ordinary dividend for 2008 resulting in a dividend cover ratio of 1.6 on the full year's headline earnings.

Outlook

Notwithstanding the current uncertainty in the global resources and platinum sectors, the company's long term strategy to develop the market for platinum group metals, expand its production into that opportunity and to conduct its business cost-effectively and competitively remains sound.

It is essential that we consider the long-term prosperity of the business when taking short term-action. Nevertheless, Anglo Platinum intends to respond on an ongoing basis to the challenges that face the platinum industry. While Anglo Platinum's planned level of refined platinum production of 2.4 million ounces is currently expected to be appropriate for 2009, management will take appropriate action should economic conditions affecting net platinum demand deteriorate further. Management will continue to monitor production levels against global economic developments and will provide revised production guidance when appropriate.

To maintain positive operating margins at the planned production level of 2.4 million ounces of refined platinum in 2009 the Company needs to reduce the current cost of production. This will be achieved by:

- Active management of the supply chain to realise, without delay, the benefits of the significant reduction of input commodity prices and rightsizing of stock levels;
- Safely reducing units of consumption where possible in the production line by eliminating wastage and ensuring inventory management is optimal;
- Managing our labour more effectively to improve efficiencies through re-skilling and re-deployment where required;
- Avoiding recruitment of non-critical positions; and
- Reducing the number of contract employees at operations.

Every effort will be made to avoid the retrenchment of permanent employees. However, should PGM prices deteriorate further, this may become unavoidable.

The combination of the reduction in capital expenditure and cost-reduction initiatives is expected to reduce the rate of increase in net debt in 2009. Funding facilities in place are adequate for the company's anticipated funding requirements.

N F Nicolau	B Nqwababa	T M F Phaswana	J D Meyer
(Chief Executive Officer)	*(Executive Director: Finance)*	*(Chairman)*	*(Group Company Secretary)*

Johannesburg
5 February 2009

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of the company will be held in the Auditorium on the 18th Floor, 55 Marshall Street, Johannesburg on Monday, 30 March 2009 at 14:00 to consider and if approved, adopt the annual financial statements for the year ended 31 December 2008, together with the report of the auditors, re-election of directors retiring by rotation, appointment of auditors and designated auditor, passing of ordinary resolutions placing the unissued ordinary shares under the control of directors, approving non-executive directors' fees, adopting and implementing the new Bonus Share Plan Incentive Scheme and passing a special resolution permitting the company and/ or its subsidiaries to acquire shares in the company. A detailed notice of AGM will be posted to shareholders.

SUPPLEMENTARY INFORMATION
CONSOLIDATED STATISTICS (UNAUDITED)

TOTAL OPERATIONS		Year ended 31 Dec 2008	Year ended 31 Dec 2007
Marketing statistics			
Average market prices achieved			
Platinum	(US$/oz)	**1,570**	1,302
Palladium	(US$/oz)	**355**	355
Rhodium	(US$/oz)	**5,174**	4,344
Nickel	(US$/lb)	**9.79**	17.04
US$ Basket price (Net sales revenue per refined Pt ounce sold)	(US$)	**2,764**	2,579
Platinum	(R/oz)	**12,640**	9,149
Palladium	(R/oz)	**2,887**	2,499
Rhodium	(R/oz)	**42,145**	30,593
Nickel	(R/lb)	**77.30**	121.13
R Basket price (Net sales revenue per refined Pt ounce sold)	(R)	**22,348**	18,167
Average exchange rate achieved on sales	(R : US$)	**8.0850**	7.0431
Exchange rate at end of period	(R : US$)	**9.2999**	6.8360
Financial statistics and ratios			
Gross profit margin	(%)	**33.7**	41.0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(R millions)	**21,206**	21,946
Operating profit to average operating assets	(%)	**46.5**	58.7
Return on average shareholders' equity	(%)	**50.3**	44.1
Return on average capital employed	(%)	**46.9**	66.6
Interest cover – EBITDA		**15.2**	54.6
Net asset value per ordinary share	(R)	**124.4**	121.7
Net debt to total capital employed	(%)	**31.2**	13.1
Interest-bearing debt to shareholders' equity	(%)	**55.4**	28.4
Cost of sales per total Pt oz sold	(R)	**14,922**	10,711
Cash operating cost per equivalent Pt oz			
(excluding ounces from purchased concentrate and associated costs)	(R)	**11,093**	8,181
Cash operating cost per refined Pt oz	(R)	**11,445**	8,129
Equivalent refined platinum production	(thousands) (oz)	**2,465.3**	2,471.4
Gain in smelting and refining pipeline	(thousands) (oz)	**46.8**	9.8
Refined platinum production	(thousands) (oz)	**(2,386.6)**	(2,474.0)
Mining	(thousands) (oz)	**(1,946.8)**	(2,164.0)
Purchase of concentrate	(thousands) (oz)	**(439.8)**	(310.0)
Platinum pipeline movement	(thousands) (oz)	**125.5**	7.2

Anglo Platinum Limited and its Subsidiaries ("Anglo Platinum") (Incorporated in the Republic of South Africa) (Registration number 1946/022452/06) JSE Codes: AMS; AMSP ISIN: ZAE000013181; ZAE000054474

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Detailed results are available on the Internet at:
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DIRECTORS AND COMPANY SECRETARY

EXECUTIVE DIRECTORS: N F Nicolau (*Chief Executive Officer*), B Nqwababa (*Chief Financial Officer*).

NON-EXECUTIVE DIRECTORS: T M F Phaswana (*Chairman*), C B Carroll (*American*), K D Dlamini, R J King (*British*), R Médori (*French*).

INDEPENDENT NON-EXECUTIVE DIRECTORS: T A Wixley (*Deputy Chairman*), R M W Dunne (*British*), Dr. B A Khumalo, M V Moosa, S E N Sebotsa.

ALTERNATE DIRECTORS: P G Whitcutt.

COMPANY SECRETARY: J D Meyer.