ANGLOGOLD ASHANTI LTD
Form 6-K
November 07, 2006
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
Report on Form 6-K dated November 6, 2006

This Report on Form 6-K shall be incorporated by reference in our automatic shelf Registration Statement on Form F-3 as amended (File No. 333-132662) and our Registration Statements on Form S-8 (File Nos. 333-10990 and 333-113789) as amended, to the extent not superseded by documents or reports subsequently filed by us under the Securities Act of 1933 or the Securities Exchange Act of 1934, in each case as amended

AngloGold Ashanti Limited
(Name of Registrant)
11 Diagonal Street
Johannesburg, 2001
(P O Box 62117)
Marshalltown, 2107
South Africa
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F: Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:
No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes:
No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:
No:

Enclosures:
Unaudited condensed consolidated financial statements as of September 30, 2006 and December 31, 2005 and for each of the nine month periods ended September 30, 2006 and 2005, prepared in accordance with U.S. GAAP, and related management's discussion and analysis of financial condition and results of operations.

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ANGLOGOLD ASHANTI LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

Prepared in accordance with US GAAP

(in US Dollars, millions, except for share data)	**Nine months ended September 30, 2006** (unaudited)	**2005** (unaudited)
Sales and other income	2,009	1,874
Product sales	1,985	1,843
Interest, dividends and other	24	31
Cost and expenses	2,109	1,964
Production costs	1,163	1,256
Exploration costs	43	34
Related party transactions	9	31
General and administrative	64	57
Royalties	43	28
Market development costs	12	10
Depreciation, depletion and amortization	498	425
Impairment of assets (see note F)	-	7
Interest expense	59	58
Accretion expense	11	4
Employment severance costs	6	16
Profit on sale of assets, loans and indirect taxes (see note G)	(11)	(1)

Mining contractor termination costs
-
9
Non-hedge derivative loss
212
30
Loss from continuing operations before income tax, equity income, minority interests and cumulative effect of accounting change
(100) (90)
Taxation (expense)/benefit
(47)
3
Minority interest
(23) (18)
Equity income in affiliates
76
32
Loss from continuing operations before cumulative effect of accounting change
(94) (73)
Discontinued operations (see note H)
2
(39)
Loss before cumulative effect of accounting change
(92) (112)
Cumulative effect of accounting change, net of taxation of $11 million in 2005 (see note I)
- (22)
Net loss – applicable to common stockholders
(92) (134)
Basic loss per common share : (cents)
From continuing operations
(35)
(28)
Discontinued operations
1
(15)
Before cumulative effect of accounting change
(34)
(43)
Cumulative effect of accounting change
-
(8)
Net loss – applicable to common stockholders
(34)
(51)
Diluted loss per common share : (cents)
From continuing operations
(35)
(28)
Discontinued operations

1
(15)
Before cumulative effect of accounting change
(34)
(43)
Cumulative effect of accounting change
-
(8)
Net loss – applicable to common stockholders
(34)
(51)
Weighted average number of common shares used in computation
271,588,698 264,562,882
Dividend per common share (cents)
39 56

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ANGLOGOLD ASHANTI LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

Prepared in accordance with US GAAP

At September 30,
2006
(unaudited)
At December 31,
2005
(in US Dollars, millions)

ASSETS

Current assets

1,640 1,401
Cash and cash equivalents
348
196
Restricted cash
6 8
Receivables
891 884
Trade
11 97
Derivatives
714
675
Recoverable taxes, rebates, levies and duties
69
45
Other
97 67
Inventories (see note B)
328
260
Materials on the leach pad (see note B)
38
37
Assets held for sale
29
16
Property, plant and equipment, net (see note C)
4,671 5,027
Acquired properties, net
1,268 1,412
Goodwill and other intangibles, net
555 550
Derivatives
6 38
Other long-term inventory (see note B)
60 32
Materials on the leach pad (see note B)
155 116

Other long-term assets (see note E)
475 496
Deferred taxation assets
47 41
Total assets
8,877 9,113
LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities
2,316 1,874
Accounts payable and other current liabilities
442
480
Derivatives
1,661 1,121
Short-term debt (see note D)
16
160
Tax payable
180 107
Liabilities held for sale
17
6
Other non-current liabilities
13 14
Long-term debt (see note D)
1,405 1,779
Derivatives
520 527
Deferred taxation liabilities
955 1,152
Provision for environmental rehabilitation (see note E)
285 325
Other accrued liabilities
26 19
Provision for pension and other post-retirement medical benefits
165 200
Minority interest
62 60
Commitments and contingencies
- -
Stockholders’ equity
3,130 3,163
Common stock
Stock issued 2006 – 275,258,118 (2005 – 264,938,432)
10
10
Additional paid in capital
5,482
4,972
Accumulated deficit
(1,439)

(1,143)
Accumulated other comprehensive income (see note M)
(923)
(676)
Total liabilities and stockholders' equity
8,877 9,113

ANGLOGOLD ASHANTI LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Prepared in accordance with US GAAP

	Nine months ended September 30,	
	2006 (unaudited)	**2005** (unaudited)
	(in US Dollars, millions)	
Net cash provided by operating activities	592	234
Net loss – applicable to common stockholders	(92)	(134)
Reconciled to net cash provided by operations:		
Cumulative effect of accounting change	-	22
Profit on sale of assets, loans and indirect taxes	(7)	(1)
Depreciation, depletion and amortization	498	425
Deferred stripping costs	-	(2)
Impairment of assets	-	7
Deferred taxation	(87)	(59)
Movement in non-hedge derivatives	307	(77)
Equity income in affiliates	(76)	(32)
Dividends received from affiliates	77	24
Other non cash items	9	81
Net (decrease)/increase in provision for environmental rehabilitation and pension and other post-retirement medical benefits	(14)	8
Effect of changes in operating working capital items:		

Receivables
21 18
Inventories (127)
(50)
Accounts payable and other current liabilities
85
31
Net cash provided by continuing operations
594
261
Net cash used in discontinued operations
(2)
(27)
Net cash used in investing activities
(440) (477)
Increase in non-current investments
(14)
(15)
Additions to property, plant and equipment
(554)
(516)
Proceeds on sale of mining assets
11
4
Cash outflows from derivatives purchased
-
(69)
Proceeds on sale of discontinued assets
6
-
Proceeds on sale of investments
13
-
Cash inflows from derivatives with financing
91
112
Net loans repaid/(advanced)
5
(5)
Change in restricted cash
2
12
Net cash generated in financing activities
29 185
Net repayments of short-term debt
(540)
(284)
Issuance of stock
511
6
Share issue expenses

(5)
-
Net proceeds of long-term debt
93
599
Cash inflows from derivatives with financing
95
29
Dividends paid
(125)
(165)
Net increase/(decrease) in cash and cash equivalents
181 (58)
Effect of exchange rate changes on cash
(29) (6)
Cash and cash equivalents – January 1,
196 276
Cash and cash equivalents – September 30,
348 212

ANGLOGOLD ASHANTI LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

Prepared in accordance with US GAAP

Note A. Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

The balance sheet as at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by US GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 20-F for the year ended December 31, 2005.

Note B. Inventories

	At September 30, 2006	**At December 31, 2005**
	(unaudited)	
	(in US Dollars, millions)	
The components of inventory consist of the following :		
Short-term		
Gold in process	91	93
Gold on hand	40	10
Ore stockpiles	75	47
Uranium oxide and sulfuric acid	11	14
Supplies	149	133
	366	297
Less: Heap leach inventory (1)	(38)	(37)
	328	260

(1) Short-term portion relating to heap leach inventory classified separate, as materials on the leach pad.

Long-term		
Gold in process	155	116
Ore stockpiles		

	58	30
Supplies	2	2
	215	148
Less: Heap leach inventory (1)	(155)	(116)
	60	32

(1) Long-term portion relating to heap leach inventory classified separate, as materials on the leach pad.

Note C. Deferred stripping costs

On January 1, 2006 the Company adopted The Emerging Issues Task Force ("EITF") Issue 04-6, "Accounting for Stripping Costs in the Mining Industry". Issue No. 04-6 addresses the accounting for stripping costs incurred during the production phase of a mine and that post production stripping costs should be considered costs of the extracted minerals under a full absorption costing system and recognized as a component of inventory to be recognized in cost of sales in the same period as the revenue from the sale of the inventory. Additionally, capitalization of such costs would be appropriate only to the extent inventory exists at the end of a reporting period.

The guidance requires application through recognition of a cumulative effect adjustment to opening retained earnings in the period of adoption, with no charge to current earnings for prior periods. The results for prior periods have not been restated. Upon adoption, the cumulative effect of accounting change reduced opening retained earnings by $97 million (net of Taxation), increased the value of inventory by $5 million, eliminated the capitalized deferred stripping balance of $105 million, decreased Deferred taxation by $5 million, reduced Other long-term assets by $3 million and decreased Minority interest by $1 million. Adoption of the new guidance will have no impact on the Company's cash position or net cash from operations.

Prior to January 1, 2006 stripping costs incurred in open-pit operations during the production phase to remove additional waste were charged to operating costs on the basis of the average life of mine stripping ratio and the average life of mine costs per tonne and resulted in capitalization of such stripping costs (deferred stripping).

	At September 30, 2006	**At December 31, 2005**
	(unaudited)	
	(in US Dollars, millions)	
Movements in the deferred stripping costs balance were as follows:		
Opening balance	105	69
Cumulative effect adjustment	(105)	-
Amount deferred	-	28
Translation	-	8
Closing balance	-	105

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 …continued

Prepared in accordance with US GAAP

Note D. Long-term debt

During the nine months ended September 30, 2006, the Company repaid $400 million under the $700 million unsecured syndicated loan facility (due January 2008) and $134 million in local short term money market loans. These amounts were funded from proceeds raised through the public share offering (completed in April 2006) and cash flow from operations. As at September 30, 2006, $140 million was drawn under the $700 million loan facility. Outstanding local short term money market loans included in short-term debt amounted to $5 million as at September 30, 2006.

Note E. Provision for environmental rehabilitation

Long-term environmental obligations comprising decommissioning and restoration are based on the Company’s environmental management plans, in compliance with the current environmental and regulatory requirements.

The following is a reconciliation of the total liabilities for reclamation and remediation obligations:

	(in US Dollars, millions)
Balance as at December 31, 2005	325
Liabilities reclassified as held for sale	(10)
Additions to liabilities	7
Liabilities settled	(6)
Accretion expense	11
Revisions	(15)
Translation	(27)
Balance as at September 30, 2006	285

Certain amounts have been contributed to an irrevocable rehabilitation trust and environmental protection bond under the Company's control. The monies in the trust and bond are invested primarily in interest bearing debt securities and are included in Other long-term assets in the Company’s consolidated balance sheet. Cash balances held in the trust and bond are classified as restricted cash in the Company’s consolidated balance sheets for all periods presented. As at September 30, 2006 and December 31, 2005 the balances held in the trust and bond (cash and investments) amounted to $78 million and $93 million, respectively. Besides these assets there were no other assets that were legally restricted for purposes of settling asset retirement obligations as at September 30, 2006.

Note F. Impairment of assets

No impairment was recorded in the nine months ended September 30, 2006. However, an adverse change in impairment-related assumptions which may not be mitigated by a change in other factors may result in impairments going forward. In the nine months ended September 30, 2005 the Company recorded an impairment of assets of $7 million relating to the abandonment of exploration activities and expansion projects at Tau Lekoa and TauTona in South Africa.

Note G. Profit on sale of assets, loans and indirect taxes

In the nine months ended September 30, 2006, the Company recorded a profit on sale of assets of $11 million (before taxation of $2 million) relating mainly to the disposal of minor equipment and assets in North and South America, the recovery of loans written off, the write-off of non-recoverable value added state tax in South America and a reassessment of indirect taxes in Guinea and Tanzania. The profit on sale of assets of $1 million (before taxation of $nil million) recorded in the nine months ended September 30, 2005 mainly relate to the disposal of minor equipment and vehicles in South America and Australia.

Note H. Discontinued operations

The Ergo reclamation surface operation, which forms part of the South African operations and is included under South Africa for segmental reporting, has been discontinued as the operation has reached the end of its useful life. After a detailed investigation of several options and scenarios, and based on management's decision reached on February 1, 2005, mining operations at Ergo ceased on March 31, 2005 with only site restoration obligations remaining. The remaining available tonnage will be treated and cleaned through the tailings facility. The results of Ergo for the nine months ended September 30, 2006 and 2005, are summarized as follows:

	Nine months ended September 30,			
	2006		**2005**	
	(unaudited)		(unaudited)	
	(in US Dollars, millions, except for share data)			
		Per share (1) (cents)		**Per share (1) (cents)**
Revenue	3	1	16	6
Costs, expenses and recoveries	2	1	(65)	(25)
Pre-tax profit/(loss)	5	2	(49)	(19)
Taxation	(3)	(1)	10	4
Net profit/(loss) attributable to discontinued operations	2	1		

(39)
(15)
(1)
Basic and diluted earnings/(loss) per common share. The calculation of diluted earnings/(loss) per common share for the nine months ended September 30, 2006 and 2005 did not assume the effect of 15,384,615 shares, issuable upon the exercise of Convertible Bonds as their effects are anti-dilutive for these periods. The calculation of diluted earnings/(loss) per common share for the nine months ended September 30, 2006 and 2005 did not assume the effect of 124,674 and 583,448 shares, respectively, issuable upon the exercise of stock incentive options as their effects are anti-dilutive for these periods.

ANGLOGOLD ASHANTI LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 …continued

Prepared in accordance with US GAAP

Note I. Change in accounting for employee benefit plans

During 2005, the Company changed its accounting policy, retroactive to January 1, 2005, with respect to accounting for employee benefit plans to recognize the effects of actuarial gains and losses in income, rather than amortizing over the expected average remaining service period of employees participating in the plan. This change was made as the Company believes that elimination of the permitted pension and post-retirement benefit corridor, as allowed by SFAS87 and SFAS106 will result in more accurate financial information. The cumulative effect of this change in accounting treatment with respect to actuarial gains and losses decreased net income for the nine months ended September 30, 2005 and stockholders' equity by $22 million (net of taxation of $11 million).

Note J. Stock-based compensation plans

On January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123(R), "Share-Based Payment". Prior to January 1, 2006, the Company accounted for share-based payments under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees, and related Interpretations", as permitted by SFAS123, "Accounting for Stock-Based Compensation". In accordance with APB No. 25, no compensation cost was required to be recognized for options granted that had an exercise price equal to the market value of the underlying common stock on the date of grant.

The Company adopted SFAS123(R) using the modified prospective transition method. Under this method, compensation cost recognized in the nine months ended September 30, 2006 includes: a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS123, and b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS123(R). The results for prior periods have not been restated.

SFAS123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. This requirement did not impact the Company's cash flow disclosure for the nine months ended September 30, 2006 as the Company does not receive the benefit of a tax deduction for compensation cost settled in equity.

At September 30, 2006, the Company has four stock-based employee compensation plans consisting of time-based awards, performance related awards and the Bonus Share Plan (BSP) and Long-Term Incentive Plan (LTIP) treated as equity settled compensation plans under SFAS123(R). During the nine months ended September 30, 2006 the Company recognized a compensation expense of $5 million mainly related to the BSP and LTIP plans in accordance with the provisions of SFAS123(R).

The following table summarizes activity for stock options outstanding as of September 30, 2006:

	2006	**2006**
	Options (000)	**Weighted-average exercise price R**
Outstanding at beginning of year	3,762	220
Granted	-	

-
Exercised
(348) 130
Forfeited (terminations)
(253) 249
Outstanding at September 30, 2006
3,161
228
Options exercisable at September 30, 2006
485
122
As of September 30, 2006, there was $nil million of total unrecognized compensation cost related to unvested stock options. The probability of these stock options vesting is currently considered to be remote, although final review will depend on actual results.
The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS123(R) to stock-based employee compensation in the first nine months of 2005.
Nine months ended September 30,
2005
(unaudited)
(in US Dollars, millions)
Net loss as reported
(134)
Add: Unearned stock awards compensation expense as calculated under APB No. 25
1
Deduct: Total stock-based employee compensation expense determined under fair value based
method for all awards, net of related tax effects
-
Pro forma net loss
(133)
Loss per share (cents)
Basic – as reported
(51)
Basic – pro forma
(50)
Diluted
(1)
– as reported
(51)
Diluted
(1)
– pro forma
(50)
(1)
The calculation of diluted loss per common share for the nine months ended September 30, 2005 did not assume the effect of 15,384,615 shares issuable upon the exercise of Convertible Bonds and 583,448 shares issuable upon the exercise of stock incentive options, as their effects are anti-dilutive for this period.
There was no change in the Company's loss before income taxes, net loss and basic and diluted loss per share for the nine months ended September 30, 2006 as a result of adopting SFAS123(R) on January 1, 2006, than if the Company had continued to account for share-based compensation under APB No. 25.

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