ARM
African Rainbow Minerals

ANNUAL FINANCIAL STATEMENTS 2018

We do it better

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and additional material are
available at **www.arm.co.za**

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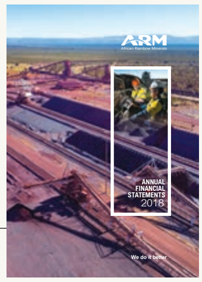

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All monetary values in this report are stated in South African Rand unless otherwise stated. Rounding of figures may result in computational discrepancies on management and operational review tabulations.

DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's Directors are responsible for the preparation, integrity and fair presentation of these consolidated and separate annual financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 71 of 2008, as amended. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The going concern basis has been used to prepare the consolidated and separate annual financial statements and the Directors are satisfied that the Group and the Company have access to adequate resources to continue as a going concern for the ensuing year.

The Directors are also responsible for the Group's system of internal controls. These are designed to provide reasonable, but not absolute assurance against material misstatement or loss.

The Audit and Risk Committee has confirmed that effective systems of internal control and risk management are maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Group and Company annual financial statements. A description of the Audit and Risk Committee's functions is included in these financial statements on pages 2 to 4.

The Board considers that in preparing the consolidated and separate annual financial statements the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in accordance with IFRS. The Directors are satisfied that the annual financial statements of the Group and Company fairly present the results of the operations and the cash flows thereof for the year ended 30 June 2018, and the financial position at 30 June 2018. The Directors are also satisfied that the additional information included in the Integrated Annual Report 2018 is accurate and consistent with the financial statements in this report.

The responsibility of the external auditor, Ernst & Young Inc., is to express an independent opinion on the fair presentation of the annual financial statements based on its audit of the Group and the Company. The Audit and Risk Committee has satisfied itself that the external auditor was independent.

The consolidated and separate annual financial statements on pages 1 to 118 were approved by the Board and are signed on its behalf by:

Dr Patrice Motsepe	**Mike Schmidt**
Executive Chairman	Chief Executive Officer

Johannesburg

18 October 2018

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, to the best of my knowledge and belief, that in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, for the year ended 30 June 2018, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices which are required for a public company in terms of this Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley
Company Secretary

Johannesburg

18 October 2018

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee appointed in respect of the 2018 financial year (F2018) in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

CGR Information on the membership and composition of the Audit and Risk Committee, its Terms of Reference and its procedures is described in the Corporate Governance Report available on the Company's website: **www.arm.co.za**

EXECUTION OF FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has executed its duties and responsibilities during the financial year in accordance with its Terms of Reference as they relate to ARM's accounting, internal auditing, internal control, risk and financial reporting practices.

During the year under review, in respect of the external auditor and the external audit, the Audit and Risk Committee, *inter alia*:

- recommended to shareholders that Ernst & Young Inc. be reappointed as the external auditor and that Mr L I N Tomlinson be reappointed as the designated auditor;
- commenced planning for the rotation of the designated auditor who is due to rotate following the audit of the 2019 financial year (F2019);
- requested from the audit firm the accreditation information required to make an assessment of the suitability for appointment of the audit firm and designated audit partner;
- ensured that the appointment of the external auditor complied with the Companies Act and all applicable legal and regulatory requirements;
- approved the external audit plan and the budgeted audit fees payable to the external auditor;
- confirmed that it is satisfied that the external auditor is independent of the Company and the Group and considered the following in its determination:
  - reviewed and evaluated the effectiveness of the external auditor and its independence;
  - obtained and accepted an annual written statement from the auditor that its independence was not impaired;
  - determined the nature and extent of all non-audit services provided by the external auditor;
  - pre-approved all permissible non-audit services provided by the external auditor in terms of its Policy on the Approval of Audit Services and the Pre-approval of Non-Audit Services; and
  - considered the tenure of the external audit firm, Ernst & Young Inc., and its predecessor firms, which have been the auditor of African Rainbow Minerals Limited for 45 years. It was noted that in 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited Group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd and Harmony Gold Mining Company Limited. Ernst & Young Inc. has been the auditor of the Group for 14 years;
- considered mandatory audit firm rotation; and
- evaluated the quality of the external audit.

In respect of the financial statements, the Audit and Risk Committee, *inter alia*:

- confirmed the going concern status of the Group and Company as the basis of preparation of the interim, provisional and annual financial statements;
- examined and reviewed the interim, provisional and annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the Board;
- ensured that the annual financial statements fairly present the financial position of the Group and Company as at the end of the financial year and the results of operations and cash flows for the financial year of the Group and Company, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed management's implementation plans for IFRS 15 and IFRS 9;
- reviewed the Independent Auditor's Report;
- considered key audit matters, as more fully set out in the Independent Auditor's Report on pages 5 and 6;
- in terms of the letter from the JSE on the Proactive Monitoring Process dated 20 February 2018, considered the JSE's report entitled "Reporting Back on Proactive Monitoring of Financial Statements in 2017";
- considered any issues identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- considered management's recommendation to the Board on the going concern solvency and liquidity assessment following dividends paid to shareholders; and
- met separately with management, the external auditor and the internal auditor.

The Audit and Risk Committee considered the ARM Coal debt restructuring, the sale of the Lubambe Copper Mine and related loans, impairment of various assets, and the silicosis and tuberculosis class action provision.

In respect of internal control and internal audit, the Audit and Risk Committee, *inter alia*:

- reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings;
- engaged with executives and board members from KPMG regarding the allegations of corruption against the audit firm and to assess the impact on the Group and Company; considered, among others, regulatory requirements, business continuity and reputational and systemic risk; and considered the results of the independent enquiries into KPMG SA;
- recommended the appointment of and oversaw the search for a new internal auditor; set the scope for the appointment of Deloitte & Touche Inc.; and reviewed and approved the internal audit plan;

- evaluated the independence, effectiveness and performance of the internal auditor, and found the internal auditor to be independent and effective;
- considered the reports of the internal auditor on the Group's systems of internal control; and
- considered the effectiveness of the systems of internal financial controls of the Group taking into consideration reports by management and the above-mentioned reports by the internal auditor thereon and have also considered the reports by the external auditor on the consolidated and seperate annual financial statements.

Based on the above, the Audit and Risk Committee concluded that nothing had come to its attention that would suggest that the internal financial controls were not effective for the year ended 30 June 2018. In addition, the Audit and Risk Committee considered the accounting practices and the annual financial statements of the Group and Company and consider these to be fair and reasonable.

In respect of risk management, the Audit and Risk Committee, in its oversight role of the Management Risk and Compliance Committee, *inter alia:*

- reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management throughout the Group and Company;
- ensured that the Group and Company have applied a Combined Assurance Model in support of a coordinated approach to all assurance activities; and
- considered and reviewed the findings and recommendations of the Management Risk and Compliance Committee.

In respect of legal and regulatory requirements to the extent that they may have an impact on the consolidated and separate annual financial statements, the Audit and Risk Committee, *inter alia*:

- reviewed with management and, to the extent deemed necessary, internal and/or external counsel, legal matters that could have a material impact on the Group and Company;
- discharged those statutory obligations of an audit committee as prescribed by Section 94 of the Companies Act;
- monitored complaints received via ARM's whistle-blowers' hotline; and
- considered reports provided by management and the internal auditor regarding compliance with legal and regulatory requirements.

The Audit and Risk Committee also considered the experience, expertise and effectiveness of the Finance Director and the finance function and concluded that these were appropriate.

During F2019, the Audit and Risk Committee will consider, *inter alia*, matters pertaining to:

- the effective operation of the Group and Company's financial systems, processes and controls and their capacity to respond to industry and environment changes;
- management's plans regarding IFRS 16 Leases and other pronouncements and standards;
- the requirements of mandatory audit firm rotation and initiating a project to assess and address these requirements; and
- the rotation of the designated auditor to ensure continued external audit independence and objectivity.

QUALIFICATIONS OF AUDIT AND RISK COMMITTEE MEMBERS[1, 2]

TOM BOARDMAN 68
BCom, CA(SA)

Independent Non-executive Director
Chairman of the Audit and Risk Committee
Member of the Non-executive Directors' Committee and the Remuneration Committee
Committee Member since February 2011.

DR MANANA BAKANE-TUOANE 70
BA (Economics and Statistics), MA (Econ), PhD (Econ)

Independent Non-executive Director
Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee, the Remuneration Committee and the Social and Ethics Committee
Committee Member since July 2008.

ANTON BOTHA 65
BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Independent Non-executive Director
Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Investment Committee and the Non-executive Directors' Committee
Committee Member since June 2010.

ALEX MADITSI 56
BProc, LLB, H Dip Co Law, LLM

Lead Independent Non-executive Director
Chairman of the Nomination Committee and the Non-executive Directors' Committee, and a member of the Audit and Risk Committee, the Investment Committee, the Remuneration Committee and the Social and Ethics Committee
Committee Member since July 2004.

J P MÖLLER 59
BCom, BCompt (Hons), CA(SA), AMP (Harvard)

Independent Non-executive Director
Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee
Committee Member since December 2017.

DR REJOICE SIMELANE 66
BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Independent Non-executive Director
Chairman of the Social and Ethics Committee and a member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee
Committee Member since July 2004.

1 *The curricula vitae of the Audit and Risk Committee members standing for re-election may be found on pages 144 to 145 of the Notice of Annual General Meeting in the 2018 Integrated Annual Report, available on the website. Mr F Abbott, CA(SA), a current member of the Audit and Risk Committee, will not stand for re-election. His qualifications may be found on page 105 of the Integrated Annual Report.*
2 *All of the members of the Audit and Risk Committee standing for re-election are Independent Non-executive Directors.*

REPORT OF THE AUDIT AND RISK COMMITTEE continued

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit and Risk Committee is satisfied that Ernst & Young Inc. is independent of ARM. This conclusion was arrived at, *inter alia,* after taking into account the factors set out on page 2 together with those below:

- representations made by Ernst & Young Inc. to the Audit and Risk Committee;
- the external auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Group and Company;
- the external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- the external auditor's independence was not prejudiced as a result of any previous appointment as auditor.

RECOMMENDATION

Following our review of the consolidated and separate annual financial statements for the year ended 30 June 2018, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards as issued by the International Accounting Standards Board, and fairly present the consolidated and separate results of operations, cash flows, and the financial position of the Group and Company. On this basis, the Audit and Risk Committee recommended the consolidated and separate annual financial statements of ARM as set out in the 2018 Annual Financial Statements to the Board for approval. The Board subsequently approved the 2018 Annual Financial Statements, which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit and Risk Committee

T A Boardman
Chairman of the Audit and Risk Committee

18 October 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFRICAN RAINBOW MINERALS LIMITED ("ARM")

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of ARM and its subsidiaries (the Group) set out on pages 22 to 109, which comprise the consolidated and separate statements of financial position as at 30 June 2018, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the directors' remuneration section in the Directors' report on pages 12 to 19.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)*, the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (IESBA code)* and other independence requirements applicable to performing audits of African Rainbow Minerals Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of African Rainbow Minerals Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters apply equally to the audit of the Consolidated and Separate Financial Statements.

Key Audit Matter	How the matter was addressed in the audit
Restructuring of ARM Coal debt ARM and ARM Coal (Pty) Ltd concluded negotiations with Glencore Operations South Africa (Pty) Ltd and Glencore Holdings South Africa (Pty) Ltd on the restructuring of their outstanding debt during the current year. This restructuring resulted in positive fair value adjustments attributable to ARM of R977 million, made up of R652 million relating to Goedgevonden ('GGV') loans and R325 million relating to the Participating Coal Business ('PCB') loans respectively in group. The evaluation of future cash flows in GGV and PCB that will be made available to repay this debt required significant auditor effort.	Our audit procedures involved, amongst others, the following: ○ We analysed all contracts relating to the loan restructuring; ○ We engaged, as part of our team, IFRS specialists to assist us with the accounting treatment of the debt restructuring; ○ We engaged, as part of our team, valuation specialists to assist us with the evaluation of the financial models which included: – Comparisons of management macro-economic assumptions including future commodity prices, inflation rates and foreign exchange rates against external market data. – Evaluation of forecast production and the resultant forecast sales, capital expenditure and costs. – Analysis of the impact on the present value of changes in commodity prices, inflation rates, exchange rates, discount rate and certain technical assumptions; – High level analysis of the reserve and resource-life data to determine reasonability;

INDEPENDENT AUDITOR'S REPORT continued

Key Audit Matter	How the matter was addressed in the audit
Modelling future cash flows is a process which is inherently difficult and requires judgement to be applied in determining the appropriate amounts for key inputs into such a model. These include: ◦ commodity prices; ◦ foreign exchange rates; ◦ inflation rates; ◦ operating costs; ◦ capital expenditures; and ◦ production and sales volumes. In addition, the determination of an effective interest rate used to calculate the present value requires the involvement of specialists to assess the impact of the entity specific risk profile on the effective interest rate. The disclosure associated with the loans and relating fair value adjustments is set out in the consolidated and separate financial statements in Note 25.	◦ We engaged, as part of our team, valuation specialists to assist us with the determination of the entity specific risk factors that impact the effective interest rate and to assess whether management's determination of the effective interest rate was reasonable. ◦ We evaluated the adequacy of financial statement disclosures regarding assumptions applied, loan balances and fair value adjustments recognised.
Disposal of Copper operations – Lubambe Copper Mine (LCM) The group finalised the disposal of the copper operations to EMR Capital Bidco (No.2C) Limited during the current financial year. All conditions precedent pertaining to the disposal were finalised on 22 December 2017. Certain aspects of the presentation and valuation of this transaction involved significant auditor effort, including the following: ◦ Evaluating managements' assessment of whether the suspensive conditions had been met; ◦ The assessment of the net asset value of the operations and the resultant profit and losses on a date of disposal was difficult because the sale was concluded on a date that was not the same as the financial statement year end date requiring additional procedures to be performed; ◦ Determining foreign currency translation reserve and non-controlling interest directly relating to entities that were sold as part of the transaction; ◦ Establishing proceeds allocated to this transaction at a group and company level due to a complex group structure; The disclosure associated with the disposal transaction is set out in the consolidated and separate financial statements in Note 12 *Assets* held for sale.	Our audit procedures involved, amongst others, the following: ◦ We evaluated management's fulfilment of the suspensive conditions set out in the contract which included amongst others; – Approval from the Zambian Competition and Consumer Protection Commission; – Approval from the Zambian Ministry of Mines and Minerals Development; – Written consent by ZCCM Investment Holdings plc for the sale of interest in LCM – Approval from the Zambian Revenue Authority, in the form of a tax clearance certificate. ◦ We agreed the gross disposal price (including adjustments) to signed contracts and management calculations; ◦ We agreed all material cash flows to bank statements; ◦ We independently recalculated the: – Foreign currency translation reserve ('FCTR'); – Non-controlling interest ('NCI'); – Operational losses consolidated; and – Net asset value at the effective transaction date using apportioned results of the copper operations ◦ We recalculated the direct and indirect profits and losses resulting from the transaction including: – The profit on sale of the net asset value before FCTR and NCI; and – The net loss from the realisation of the FCTR and NCI. ◦ We evaluated the adequacy of financial statement disclosures regarding this transaction.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report (except the directors' remuneration section on pages 12 to 19), the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Integrated Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Integrated Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal controls as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT continued

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015 we report that Ernst & Young Inc., and its predecessor firms, have been the auditor of African Rainbow Minerals Limited for 45 years.

In 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd and Harmony Gold Mining Company Limited. Ernst & Young Inc. has been the auditor of the group for 14 years.

Ernst & Young Inc.
Director – Lance Ian Neame Tomlinson
Registered Auditor
Chartered Accountant (SA)

18 October 2018

EY
102 Rivonia Road
Sandton
2146

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on ARM for the year ended 30 June 2018.

NATURE OF BUSINESS

ARM is a diversified South African mining company with long-life, low unit-cost operations in key commodities. ARM, its subsidiaries, joint ventures, joint operations and associates explore, develop, operate and hold interests in the mining and minerals industry.

IAR For more on ARM's strategy, see our Strategy on page 6 of the Integrated Annual Report.

The current operational focus is on precious metals, base metals, ferrous metals and alloys, which include platinum group metals, nickel, coal, iron ore, manganese ore, chrome ore, ferro manganese and silica manganese. ARM also has an investment in Harmony Gold Mining Company Limited (Harmony).

ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

On 22 December 2017, the Company announced that ARM and Vale International S.A., a wholly-owned subsidiary of Vale S.A., had completed the disposal of ARM and Vale's 80% indirect interest in Lubambe Copper Mine located in Zambia, which was held in equal shares. Zambian Consolidated Copper Mines Investment Holdings plc, a state-controlled company, held 20% of the Lubambe Copper Mine. Following this sale, ARM currently does not operate a copper mine.

HOLDING COMPANY

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.1% of the issued ordinary share capital of the Company as at 30 June 2018 (30 June 2017: 40.21%). The sole shareholder of ARMI is Ubuntu-Ubuntu Commercial Enterprises (Pty) Ltd, the shares of which are held by trusts, all of which, except The Motsepe Foundation, own those shares for the benefit of Dr P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes.

In addition, at 30 June 2018, 0.51% of the issued share capital of ARM was held by Botho-Botho Commercial Enterprises (Pty) Ltd (30 June 2017: 0.51%), all the shares of which are beneficially owned by trusts, which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Dr Motsepe and his immediate family.

As one of the largest black-controlled mineral resource companies in South Africa, ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act 28 of 2002, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end, and for the benefit of historically disadvantaged South Africans (HDSAs), the Company created the ARM Broad-Based Economic Empowerment Trust (ARM Trust). The beneficiaries of the ARM Trust include seven regional upliftment trusts, a women's upliftment trust, union representatives, a church group and community leaders. The ARM Trust owns 15 897 412 ARM shares (30 June 2017: 15 897 412) which is equivalent to 7.24% of the ARM issued share capital at 30 June 2018 (30 June 2017: 7.27%).

REVIEW OF OPERATIONS

IAR For a review of operations, see reviews by the Executive Chairman, the Chief Executive Officer and the Finance Director and the reviews of operations, which report on the Group's activities and results for the year ended 30 June 2018, on pages 8 to 29, and 56 to 94 of the Integrated Annual Report.

CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance and continuously reviews governance matters and control systems to ensure that these are in line with global good practices. These standards are evident throughout the Company's systems of internal controls, practices, policies and procedures to ensure the sustainability of the business.

In 2017, ARM introduced the principles of King IV™. For details of how the Company applies the King IV™ principles, see the King IV™ application register on our website: **www.arm.co.za**

FINANCIAL RESULTS

AFS The consolidated and separate financial statements and accounting policies appear on pages 22 to 109 of this report.

The results for the year ended 30 June 2018 have been prepared in accordance with IFRS and interpretations of those standards as adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act and the Listings Requirements. The annual financial statements fairly present the state of affairs of the Group and Company and adequate accounting records have been maintained.

BORROWINGS AND CASH

Total borrowings at 30 June 2018 amounted to R2 296 million (F2017: R2 759 million). The decrease in total borrowings is largely due to the ARM Coal debt restructuring. There was no debt at ARM Ferrous in either of the two previous reporting periods. The consolidated net cash (overdrafts, short-term and long-term borrowings less cash and cash equivalents) at 30 June 2018 amounted to R995 million (30 June 2017: R1 272 million net debt). There are no borrowing power provisions in ARM's Memorandum of Incorporation.

AFS Details of cash and borrowings are set out in notes 11, 15 and 20 to the financial statements.

GOING CONCERN

To make a determination as to whether the Group and Company are considered to be a going concern, the Directors have considered facts and assumptions, including the Group and Company cash flow forecasts for the period to 30 June 2019. The Board believes that the Company have adequate resources to continue business in the foreseeable future. For this reason, the Group and Company continue to adopt the going concern basis in preparing these financial statements.

TAXATION

The latest tax assessment for the Company relates to the financial year ended 30 June 2017. All tax submissions up to and including those for the financial year ended 30 June 2017 have been submitted.

SUBSIDIARIES, JOINT ARRANGEMENTS, ASSOCIATES AND INVESTMENTS

AFS The Company's direct and indirect interests in its principal subsidiaries, joint arrangements (which include joint ventures and joint operations), associates and investments are reflected in separate schedules presented on pages 107 to 109.

DIVIDENDS

A maiden interim gross dividend of 250 cents per ordinary share was declared on Monday, 16 March 2018 in respect of the six months ended 31 December 2017 (1H F2017: nil) amounting to a distribution of approximately R549 million which was paid on Monday, 16 April 2018.

The following additional information is disclosed:

- the dividend was declared out of income reserves;
- the South African Dividends Withholding Tax (Dividends Tax) rate is 20%;
- the gross local dividend amount was 250 cents per ordinary share for shareholders exempt from the Dividends Tax;
- the net local dividend amount was 200.00000 cents per ordinary share for shareholders liable to pay the Dividends Tax; and
- as at the date of the dividend declaration, ARM had 219 691 837 ordinary shares in issue.

A final gross dividend of 750 cents per ordinary share was declared on Friday, 7 September 2018 in respect of the year ended 30 June 2018 (F2017: 650 cents per share) amounted to a distribution of approximately R1 648 million (F2017: R1 422 million).

The following additional information is disclosed:

- the dividend was declared out of income reserves;
- the South African Dividends Withholding Tax (Dividends Tax) rate is 20%;
- the gross local dividend amount was 750 cents per ordinary share for shareholders exempt from the Dividends Tax;
- the net local dividend amount was 600.00000 cents per ordinary share for shareholders liable to pay the Dividends Tax; and
- as at the date of the dividend declaration, ARM had 219 709 127 ordinary shares in issue.

The dividends were subject to Dividends Withholding Tax.

In accordance with the requirements of Section 4 of the Companies Act 71 of 2008, as amended, the Board determined that the solvency and liquidity requirements prescribed therein were met for the payment of the dividends.

ARM's income tax reference number is 9030/018/60/1.

CAPITAL EXPENDITURE

Capital expenditure for F2018 amounted to R990 million (F2017: R1 022 million).

IAR Full details of capital expenditure are set out in the operational reviews on pages 56 to 94 of the Integrated Annual Report.

EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, Harmony conducted a placing of new ordinary shares to qualifying investors to raise up to R1.26 billion (US$100 million) through an accelerated book-building process launched on 5 June 2018. In July 2018, ARM subscribed for 11 032 623 Harmony shares at a total cost of R210.9 million (*i.e.*, R19.12 per share), which resulted in ARM's shareholding in Harmony being at 14.6%.

Since the financial year-end, Assmang declared a dividend of R3 500 million. ARM's attributable portion of the dividend is R1 750 million.

AFS For additional events after the reporting date, see note 45 of the Annual Financial Statements.

SHARE CAPITAL

The share capital of the Company, both authorised and issued, is set out in note 13 to the consolidated annual financial statements. A wholly-owned subsidiary of ARM, Opilac (Pty) Ltd, owns 12 717 328 ARM shares (F2017: 12 717 328) following a share repurchase from the ARM Trust in F2016 as set out in notes 14 and 31.

SHAREHOLDER ANALYSIS

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2018, is set out in the shareholder analysis on pages 117 and 118.

DIRECTORATE

Movements in the directorate since the previous report are noted below.

Mr M Arnold, the former Financial Director, retired from the Company with effect from 10 December 2017, but remains a non-executive director. Ms A M Mukhuba was appointed as the Financial Director of the Company with effect from 11 December 2017 and is available to stand for election by shareholders of the Company at the forthcoming annual general meeting.

The Memorandum of Incorporation provides for one-third of the previously elected Non-executive Directors to retire by rotation. The Non-executive Directors affected by this requirement are Dr M M M Bakane-Tuoane and Messrs T A Boardman, A D Botha, W M Gule and A K Maditsi, each of whom is available to stand for re-election at the forthcoming annual general meeting.

At the date of this report, the Directors of the Company were: **Executive Directors:** Dr P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), H L Mkatshana, A M Mukhuba (Financial Director) and A J Wilkens. **Independent Non-executive Directors:** A K Maditsi (Lead Independent Non-executive Director), F Abbott, Dr M M M Bakane-Tuoane, T A Boardman, A D Botha, J A Chissano, W M Gule, J P Möller, D C Noko, Dr R V Simelane and Z B Swanepoel. **Non-executive Directors:** M Arnold and J C Steenkamp.

IAR CGR For summarised *curricula vitae* of the Directors and the Notice of Annual General Meeting, see page 136 of the 2018 Integrated Annual Report. More detailed *curricula vitae* are included in the Corporate Governance Report on our website: **www.arm.co.za**

INTERESTS OF DIRECTORS

The direct and indirect beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company were as follows:

	30 June 2018				30 June 2017			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Dr P T Motsepe	–	–	89 218 185	–	–	–	89 043 236	–
M Arnold[1]	87 122	–	–	–	57 901	–	–	–
A D Botha	–	–	22 450	–	–	–	22 450	–
M P Schmidt[2]	195 308	–	–	–	138 088	–	–	–
R V Simelane, Dr	1 350	–	–	–	1 350	–	–	–
H L Mkatshana	48 760	–	–	–	33 458	–	–	–
A M Mukhuba	–	–	–	–	–	–	–	–
J C Steenkamp[3]	96 091	–	–	–	–	–	–	–
A J Wilkens[4]	324 076	–	194 334	–	–	–	469 947	–
Total	752 707	–	89 434 969	–	230 797	–	89 535 633	–

1 Mr M Arnold retired as the Financial Director with effect from 10 December 2017 and became a Non-executive Director with effect from 11 December 2017.
2 64 165 shares held in the Ialend – Mike Schmidt Family Trust were transferred to Mr Schmidt during F2017.
3 Mr J C Steenkamp was a prescribed officer at the time of his retirement from the Company on 30 June 2017 at which time he directly and beneficially held 146 091 shares. He was appointed to the Board as a Non-executive Director of the Company with effect from 10 October 2017. Mr Steenkamp sold 50 000 shares during F2018.
4 324 076 shares held in the Jeandre Investment Trust were transferred to Mr A J Wilkens during F2018.

Mr M Arnold sold 40 000 shares in September 2018, subsequent to the reporting period. No other Directors acquired or sold a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company between 30 June 2018 and the date of this report.

DIRECTORS' REPORT continued

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS (AUDITED)

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives and long-term (share-based) incentives. Executive Directors do not receive Directors' fees.

EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

	F2018					
All figures in R'000	Basic salary	Pension scheme contributions F2018	Other benefits and allowances[1]	Total annual package before Incentives	Cash bonus	Total gross annual package
Executive Directors						
Dr P T Motsepe[2]	**10 237**	**–**	**2**	**10 239**	**–**	**10 239**
M P Schmidt[3]	**7 086**	**478**	**153**	**7 717**	**8 092**	**15 809**
M Arnold[4]	**2 266**	**185**	**61**	**2 512**	**2 392**	**4 904**
H L Mkatshana[5]	**3 594**	**296**	**93**	**3 983**	**3 758**	**7 741**
A M Mukhuba[6]	**3 276**	**353**	**18**	**3 647**	**3 776**	**7 423**
A J Wilkens	**7 448**	**–**	**137**	**7 585**	**7 016**	**14 601**
Total for Executive Directors	**33 907**	**1 312**	**464**	**35 683**	**25 034**	**60 717**
Prescribed Officers[7]						
A Joubert	**3 933**	**440**	**192**	**4 565**	**4 938**	**9 503**
J C Steenkamp[8]	**–**	**–**	**–**	**–**	**–**	**–**
F A Uys[9]	**1 858**	**185**	**41**	**2 084**	**1 960**	**4 044**
Total for Prescribed Officers	**5 791**	**625**	**233**	**6 649**	**6 898**	**13 547**
Total for Executive Directors and Prescribed Officers	**39 698**	**1 937**	**697**	**42 332**	**31 932**	**74 264**

1 *Includes travel, medical aid, UIF and risk benefits.*
2 *The calculated F2018 bonus amounted to R9 609 million. Prior to this calculated bonus amount accruing, Dr P T Motsepe elected to defer 100% of any bonus for F2018. In F2019, the equivalent value of deferred bonus shares and performance shares will be allocated by the Company. The calculated F2017 bonus amounted to R9 535 million. Prior to this calculated bonus amount accruing, Dr Motsepe elected to defer 100% of any bonus for F2017. In F2018, the equivalent value of deferred bonus shares (i.e., 78 307 bonus shares) and matching performance shares (i.e., 78 307 performance shares) were allocated by the Company.*
3 *The calculated F2017 bonus amounted to R2 007 million. Prior to this calculated bonus amount accruing, Mr M P Schmidt elected to defer 25% of any bonus for F2017. In F2018, the equivalent value of deferred bonus shares (i.e., 16 486 bonus shares) and matching performance shares (i.e., 16 486 performance shares) were allocated by the Company.*
4 *Mr M Arnold retired as the Financial Director with effect from 10 December 2017. He became a Non-executive Director with effect from 11 December 2017.*
5 *The calculated F2017 bonus amounted to R0.800 million. Prior to this calculated bonus amount accruing, Mr H L Mkatshana elected to defer 25% of any bonus for F2017. In F2018, the equivalent value of deferred bonus shares (i.e., 6 572 bonus shares) and performance shares (i.e., 6 572 performance shares) were allocated by the Company.*
6 *Ms A M Mukhuba was the Chief Financial Officer of ARM until 10 December 2017. She was appointed as the Finance Director with effect from 11 December 2017. The calculated F2017 bonus amounted to R0.983 million. Prior to this calculated bonus amount accruing, Ms A M Mukhuba elected to defer 50% of any bonus for F2017. In F2018, the equivalent value of deferred bonus shares (i.e., 8 077 bonus shares) and matching performance shares (i.e., 8 077 performance shares) were allocated by the Company.*
7 *Prescribed Officers of the Company were determined in terms of section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in section 38 of the Regulations thereto. Their remuneration is disclosed in terms of the Companies Act, section 30(4)(a).*
8 *Mr J C Steenkamp retired as the Chief Executive: Exploration and Strategic Services with effect from 30 June 2017. He became a Non-executive Director with effect from 10 October 2017.*
9 *Mr F A Uys retired from the Company with effect from 8 January 2018.*

For more information, see the Summarised Remuneration Report in the Integrated Annual Report available on the Company's website: **www.arm.co.za**

F2017					
Basic salary	Pension scheme contributions F2018	Other benefits and allowances[1]	Total annual package before incentives	Cash bonus	Total gross annual package
9 181	–	2	9 183	–	9 183
6 741	456	153	7 350	6 022	13 372
4 917	405	120	5 442	5 350	10 792
3 409	310	75	3 794	2 401	6 195
–	–	–	–	–	–
7 101	–	130	7 231	6 962	14 193
31 349	1 171	480	33 000	20 735	53 735
3 786	420	173	4 379	4 478	8 857
5 766	575	739	7 080	6 962	14 042
3 387	339	68	3 794	2 560	6 354
12 939	1 334	980	15 253	14 000	29 253
44 288	2 505	1 460	48 253	34 735	82 988

DIRECTORS' REPORT continued

PERFORMANCE SHARES

Conditional awards of full-value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period.

CGR For additional information about the performance criteria, see Part III of the Remuneration Report in the Corporate Governance Report available on the website (**www.arm.co.za**) and see page 17 of this report for the vesting dates.

The total number of performance shares awarded in November 2017, December 2017 and June 2018 was 1 289 335. During the year under review, 619 326 performance shares vested and were settled, including 56 549 performance shares, held by employees who retired during the year; and 140 268 performance shares were forfeited. The total number of performance shares as at 30 June 2018 was 5 029 074.

Between 30 June 2018 and the date of this report, no performance shares were settled or forfeited.

The number of performance shares awarded to Executive Directors and prescribed officers is summarised below.

PERFORMANCE SHARES

	Executive Directors					
	Dr P T Motsepe	M Arnold[1]	H L Mkatshana	A M Mukhuba[2]	M P Schmidt	A J Wilkens
	Number of shares					
Opening balance as at						
1 July 2017	646 636	281 861	165 730	–	464 289	314 980
11 December 2017	–	–	–	69 011	–	–
Performance shares awarded						
16 November 2017[3]	237 685	78 349	50 064	–	142 509	81 190
11 December 2017	–	–	–	18 644	–	–
Performance shares settled[4]	(97 665)	(34 257)	(19 751)	–	(65 448)	(51 237)
Performance shares forfeited	(20 157)	(10 548)	(4 011)	–	(16 672)	(7 863)
Closing balance as at 30 June 2018[5]	**766 499**	**315 405**	**192 032**	**87 655**	**524 678**	**337 070**

1 Mr M Arnold was the Financial Director of the Company. He retired with effect from 10 December 2017 and remains a Non-executive Director of the Company.
2 Ms A M Mukhuba, previously the Chief Financial Officer, was appointed as the Finance Director of the Company with effect from 11 December 2017.
3 Includes performance shares awarded in terms of the Company's waived bonus method.
*4 Based on the performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. For additional information, refer to Part III of the Remuneration Report in the Corporate Governance Report available on the website: **www.arm.co.za**.*
5 No performance shares were awarded or settled, for these Directors, between 30 June 2018 and the date of this report.

	Prescribed Officers	
	A Joubert	F A Uys[1]
	Number of shares	
Opening balance as at 1 July 2017	202 248	154 465
Performance shares awarded		
16 November 2017	49 705	43 492
Performance shares settled[2]	(34 224)	(20 739)
Performance shares forfeited	(4 814)	(4 212)
Closing balance as at 30 June 2018[3]	**212 915**	**173 006**

1 Mr F A Uys was the chief executive of ARM Copper and ARM Coal. He took early retirement with effect from 8 January 2018.
*2 Based on the performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. For additional information, refer to Part III of the Remuneration Report in the Corporate Governance Report available on the website: **www.arm.co.za**.*
3 No performance shares were awarded or settled, for these prescribed officers, between 30 June 2018 and the date of this report.

BONUS SHARES

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment. Bonus shares have no longer been granted in the annual allocations since 2015, although deferred bonus and waived bonus shares have subsequently been granted.

CGR For additional information about bonus shares, see Part III of the Remuneration Report in the Corporate Governance Report available on **www.arm.co.za**

The total number of bonus shares granted in November 2017 was 118 536. During the year under review, 392 813 bonus shares vested and were settled, including 38 885 bonus shares held by employees who retired during the year, and 2 506 bonus shares were forfeited. The total number of bonus shares as at 30 June 2018 was 566 632.

Between 30 June 2018 and the date of this report, no bonus shares were settled or forfeited. The number of bonus shares granted to Executive Directors and prescribed officers is summarised below.

BONUS SHARES

	Executive Directors					
	Dr P T Motsepe	M Arnold[1]	H L Mkatshana	A M Mukhuba[2]	M P Schmidt	A J Wilkens
	Number of shares					
Opening balance as at						
1 July 2017	196 072	57 981	40 233	–	97 659	89 252
11 December 2017	–	–	–	8 077	–	–
Bonus shares granted						
16 November 2017[3]	78 307	–	6 572	–	16 486	–
Bonus shares settled	(77 284)	(19 364)	(8 419)	–	(39 706)	(39 005)
Closing balance as at 30 June 2018[4]	**197 095**	**38 617**	**38 386**	**8 077**	**74 439**	**50 247**

1 Mr M Arnold was the Financial Director of the Company. He retired with effect from 10 December 2017 and remains a non-executive director of the Company.
2 Ms A M Mukhuba, previously the Chief Financial Officer, was appointed as the Finance Director of the Company with effect from 11 December 2017.
3 Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.
4 No bonus shares were granted or settled, for these Directors, between 30 June 2018 and the date of this report.

	Prescribed Officers	
	A Joubert	F A Uys[1]
	Number of shares	
Opening balance as at 1 July 2017	66 808	34 899
Bonus shares granted 16 November 2017[2]		
Bonus shares settled	(29 489)	(15 539)
Closing balance as at 30 June 2018[3]	**37 319**	**19 360**

1 Mr F A Uys was the chief executive of ARM Copper and ARM Coal. He took early retirement with effect from 8 January 2018.
2 Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.
3 No bonus shares were granted or settled, for these prescribed officers, between 30 June 2018 and the date of this report.

DIRECTORS' REPORT continued

SHARE OPTION SCHEME

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2018 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	Dr P T Motsepe		M Arnold[1]		H L Mkatshana	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2017	73 290	179.17	45 576	179.34	22 874	183.62
Options lapsed	(10 707)	155.20	(5 316)	155.20	–	–
Closing balance as at 30 June 2018	**62 583**	**183.27**	**40 260**	**182.53**	**22 874**	**183.62**
Grant date of options						
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

1 *Mr M Arnold was the Financial Director of the Company. He retired with effect from 10 December 2017 and remains a non-executive director of the Company.*

	Executive Directors				Prescribed Officers			
	M P Schmidt		A J Wilkens		A Joubert		F A Uys[1]	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2017	58 543	180.83	76 705	177.84	38 069	178.91	16 702	184.34
Options lapsed	(4 262)	155.20	(12 668)	155.20	(5 103)	155.20	–	–
Closing balance as at 30 June 2018	**54 281**	**182.84**	**64 037**	**182.32**	**32 966**	**182.58**	**16 702**	**184.34**
Grant date of options								
15 October 2010	4 863	178.49	12 072	178.49	4 863	178.49	–	–
9 November 2011	15 328	182.67	19 124	182.67	7 997	182.67	–	–
15 October 2012	18 127	168.37	17 463	168.37	10 691	168.37	8 464	168.37
29 October 2013	15 963	200.75	15 378	200.75	9 415	200.75	8 238	200.75

1 *Mr F A Uys was the chief executive of ARM Copper and ARM Coal. He took early retirement with effect from 8 January 2018.*

VESTING DATES

Performance shares

Annual Allocations

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011 and before 1 November 2014: Performance shares vest and are settled after a performance period of four years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2014: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
Performance shares outstanding at 30 June 2018	**5 029 074**
Vested on	
18 November 2017	763
Vesting on	
15 October 2018	820 989
26 November 2018	1 016 040
19 May 2019	30 354
15 November 2019	57 584
10 December 2019	1 777 508
16 May 2020	37 856
17 November 2020	1 230 006
12 December 2020	18 644
12 June 2021	39 330

Bonus shares

Annual Allocations

Bonus shares granted to participants other than senior executives after 1 November 2011: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Bonus shares granted to senior executives after 1 November 2011 and before 1 November 2014: Bonus shares vest and are settled after four years, subject to continued employment.

Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.

Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2018	**566 632**
Vested on	
18 November 2017	343
Vesting on	
26 November 2018	390 169
15 November 2019	57 584
17 November 2020	118 536

Share options

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

Options granted to senior executives between 1 November 2011 and 30 June 2014: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
Options outstanding at 30 June 2018	**898 759**	**R183.15**
Vested		
16 October 2013	120 595	R178.49
2 April 2014	6 857	R223.00
10 November 2014	93 113	R182.67
3 April 2015	11 951	R182.19
16 October 2015	127 849	R168.37
10 November 2015	115 624	R182.67
3 April 2016	6 861	R182.19
27 April 2016	4 615	R181.00
16 October 2016	149 759	R168.37
30 October 2016	119 746	R200.75
22 May 2017[1]	8 476	R191.14
30 October 2017	133 313	R200.75

1 *Share options granted to management other than senior executives.*

DIRECTORS' REPORT continued

SHARE INCENTIVE MOVEMENTS

	Share options		Performance shares[1]		Bonus shares[1]	
	F2018	F2017	**F2018**	F2017	**F2018**	F2017
Opening balance as at 1 July 2017	**1 068 757**	1 268 254	**4 499 333**	3 062 420	**843 415**	1 073 206
Exercised	**–**	(51 764)	**–**	–	**–**	–
Settled	**–**	–	**(619 326)**	(344 626)	**(392 813)**	(282 944)
Granted/awarded	**–**	–	**1 289 335**	1 907 006	**118 536**	57 584
Forfeited/cancelled/lapsed	**(169 998)**	(147 733)	**(140 268)**	(125 467)	**(2 506)**	(4 431)
Closing balance as at 30 June 2018	**898 759**	1 068 757	**5 029 074**	4 499 333	**566 632**	843 415
Subsequent to year-end:						
Exercised/settled	**–**	–	**–**	(64 534)	**–**	(38 885)
Forfeited/cancelled/lapsed	**(13 152)**	(14 276)	**–**	(43 005)	**–**	(1 775)
Balance as at the date of this report	**885 607**	1 054 481	**5 029 074**	4 391 794	**566 632**	802 755

1 *Conditional.*

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS (AUDITED)

The remuneration of Non-executive Directors consists of Directors' fees. Board retainers, board attendance fees and committee attendance fees are paid quarterly and in arrears. The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2018 and 30 June 2017.

	F2018					F2017				
All figures in R'000	Board fees	Committee fees	Consultancy fees excl VAT[1]	VAT	**Total including VAT**	Board fees	Committee fees	Consultancy fees excl VAT[1]	VAT	Total including VAT
Non-executive Directors[2]										
Dr M M M Bakane-Tuoane	662	715	–	196	**1 573**	516	691	–	10	1 217
F Abbott	618	347	–	138	**1 103**	516	372	–	10	898
M Arnold[3]	292	–	196	–	**488**	–	–	–	–	–
T A Boardman	663	782	–	205	**1 650**	476	790	–	6	1 272
A D Botha	623	385	–	144	**1 152**	516	372	–	10	898
J A Chissano	602	164	634	110	**1 510**	493	53	604	10	1 160
W M Gule	609	–	723	–	**1 332**	477	–	170	–	647
A K Maditsi	775	827	–	229	**1 831**	617	793	–	16	1 426
J P Möller[4]	583	229	–	116	**928**	236	–	–	6	242
D C Noko[5]	431	–	–	–	**431**	–	–	–	–	–
Dr R V Simelane	649	617	–	180	**1 446**	516	625	–	10	1 151
J C Steenkamp[6]	370	56	413	–	**839**	–	–	–	–	–
Z B Swanepoel[7]	600	125	–	104	**829**	516	75	–	11	602
Total for Non-executive Directors	7 477	4 247	1 966	1 422	**15 112**	4 879	3 771	774	89	9 513

1 *Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 125 of the Summarised Remuneration Report.*
2 *Payments for the reimbursement of out-of-pocket expenses have been excluded.*
3 *Mr M Arnold, the former Financial Director, became a Non-executive Director of ARM with effect from 11 December 2017.*
4 *Mr J P Möller was appointed to the Audit and Risk Committee by the shareholders of ARM with effect from 1 December 2017.*
5 *Mr D C Noko became an Independent Non-executive Director of ARM with effect from 10 October 2017.*
6 *Mr J C Steenkamp became a Non-executive Director of ARM with effect from 10 October 2017 and was appointed to the Investment Committee and the Social and Ethics Committee with effect from 6 April 2018.*
7 *Mr Z B Swanepoel was appointed to the Social and Ethics Committee with effect from 29 August 2017.*

Mr J C Steenkamp was appointed as a Non-executive Director of the Company with effect from 10 October 2017. He was a Prescribed Officer at the time of his retirement from the Company on 30 June 2017. His performance shares, bonus shares and share options are noted below:

Performance shares: At 1 July 2017, Mr Steenkamp held 313 168 performance shares. 36 314 performance shares were settled and 10 263 performance shares were forfeited in F2018. As at 30 June 2018, he held 266 591 performance shares.

Bonus shares: At 1 July 2017, Mr Steenkamp held 87 440 bonus shares. 26 482 were settled in F2018. As at 30 June 2018, he held 60 958 bonus shares.

Share options: As at 1 July 2017, Mr Steenkamp held 65 152 share options at an average price of R179.13. In F2018, 8 000 share options at R155.20 lapsed. As at 30 June 2018, he held 57 152 share options at an average price of R182.48.

EXTERNAL AUDITOR

Ernst & Young Inc. (EY) continued in office as the external auditor for the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of EY as ARM's external auditor and the re-appointment of Mr L I N Tomlinson as the designated individual registered auditor for the 2019 financial year.

COMPANY SECRETARY

Ms A N D'Oyley is the Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of this report.

IAR For additional information regarding the office of the Company Secretary, see page 109 of the Integrated Annual Report available on our website: **www.arm.co.za**

LISTINGS

The Company's shares are listed on the JSE under General Mining under the JSE share code: ARI. A sponsored Level 1 American Depositary Receipt (ADR) programme is also available to investors for over-the-counter or private transactions under the ticker symbol AFRBY.

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

The Company's shares were dematerialised on 5 November 2001. Should shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a Central Securities Depository Participant or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if the shares exist in electronic format in the Strate environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, whose details are reflected on the inside back cover of this report.

CONVENIENCE TRANSLATIONS INTO UNITED STATES DOLLARS

To assist users of this report, translations of convenience into United States Dollars are provided in these Annual Financial Statements. These translations are based upon average rates of exchange for the statement of profit or loss, the statement of comprehensive income and the statement of cash flows items and at those rates prevailing at year-end for statement of financial position items. These statements are found on pages 110 to 116.

ANNUAL FINANCIAL STATEMENTS

Audited by independent auditors

The financial information has been audited by the external auditors, Ernst & Young Inc. (the partner in charge is L I N Tomlinson CA (SA)).

Any reference to future financial performance included in these results has not been audited or reported on by ARM's external auditors.

Basis of preparation

The audited Group and Company results for the year have been prepared under the supervision of the Finance Director Miss A M Mukhuba CA(SA). The Group and Company financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued. The accounting policies used are in terms of IFRS. Please refer to note 1 to the financial statements.

STATEMENTS OF FINANCIAL POSITION

at 30 June 2018

		Group		Company	
	Notes	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
ASSETS					
Non-current assets					
Property, plant and equipment	3	**7 916**	7 801	**3 178**	3 145
Intangible assets	4	**120**	130	**120**	130
Deferred tax assets	16	**620**	656	**597**	590
Loans and long-term receivables	5	**462**	34	**1 171**	799
Investment in associate	6	**1 798**	1 334	**841**	841
Investment in joint venture	7	**15 504**	14 860	**259**	259
Other investments	8	**1 561**	1 573	**5 773**	5 856
		27 981	26 388	**11 939**	11 620
Current assets					
Inventories	9	**591**	663	**340**	358
Trade and other receivables	10	**2 357**	2 096	**425**	453
Taxation	34	**85**	6	**41**	5
Cash and cash equivalents	11	**3 291**	1 488	**1 932**	416
		6 324	4 253	**2 738**	1 232
Assets held for sale	12	**–**	1 605	**–**	266
Total assets		**34 305**	32 246	**14 677**	13 118
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	13	**11**	11	**11**	11
Share premium	13	**4 398**	4 279	**4 398**	4 279
Treasury shares	14	**(2 405)**	(2 405)	**–**	–
Other reserves		**1 419**	1 326	**1 491**	1 746
Other reserves discontinued operation	12	**–**	730	**–**	–
Retained earnings		**22 484**	19 556	**5 488**	3 554
Equity attributable to equity holders of ARM		**25 907**	23 497	**11 388**	9 590
Non-controlling interest		**1 471**	543	**–**	–
Total equity		**27 378**	24 040	**11 388**	9 590
Non-current liabilities					
Long-term borrowings	15	**1 744**	2 002	**1 237**	1 446
Deferred tax liabilities	16	**1 634**	1 297	**527**	328
Long-term provisions	17	**1 135**	1 166	**690**	696
		4 513	4 465	**2 454**	2 470
Current liabilities					
Trade and other payables	18	**1 406**	1 307	**326**	296
Short-term provisions	19	**374**	393	**202**	209
Taxation	34	**82**	112	**1**	32
Overdrafts and short-term borrowings – interest-bearing	20	**552**	757	**52**	267
– non-interest-bearing	20	**–**	–	**254**	254
		2 414	2 569	**835**	1 058
Liabilities directly associated with assets held for sale	12	**–**	1 172	**–**	–
Total equity and liabilities		**34 305**	32 246	**14 677**	13 118

STATEMENTS OF PROFIT OR LOSS

for the year ended 30 June 2018

		Group		Company	
	Notes	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
Revenue – continuing operations	23	**9 263**	9 019	**7 364**	6 953
Revenue – discontinued operations	23	**340**	600	**–**	–
CONTINUING OPERATIONS					
Sales	23	**8 346**	8 158	**2 667**	2 907
Cost of sales	24	**(6 900)**	(6 951)	**(2 397)**	(2 706)
Gross profit		**1 446**	1 207	**270**	201
Other operating income*	25	**1 527**	757	**1 343**	651
Other operating expenses	26	**(1 263)**	(1 750)	**(1 002)**	(1 478)
Profit from operations before special items		**1 710**	214	**611**	(626)
Income from investments	27	**177**	238	**4 064**	3 518
Finance costs	28	**(360)**	(423)	**(192)**	(221)
Income from associate*	6	**619**	181	**–**	–
Income from joint venture**	7	**3 510**	3 265	**–**	–
Profit before taxation and special items		**5 656**	3 475	**4 483**	2 671
Special items before tax	29	**(42)**	(2 322)	**(298)**	(1 987)
Profit before taxation from continuing operations		**5 614**	1 153	**4 185**	684
Taxation	30	**(573)**	409	**(279)**	270
Profit for the year from continuing operations		**5 041**	1 562	**3 906**	954
Loss after tax for the year from discontinued operation	12	**(219)**	(130)	**–**	–
Profit for the year		**4 822**	1 432	**3 906**	954
Attributable to:					
Equity holders of ARM					
Profit for the year from continuing operations		**4 747**	1 431	**3 906**	954
Loss for the year from discontinued operation		**(185)**	(59)	**–**	–
Basic earnings for the year		**4 562**	1 372	**3 906**	954
Non-controlling interest					
Profit for the year from continuing operations		**294**	131	**–**	–
Loss for the year from discontinued operation		**(34)**	(71)	**–**	–
		260	60		
Profit for the year		**4 822**	1 432	**3 906**	954
Earnings per share	31				
Basic earnings per share (cents)		**2 393**	723		
Basic earnings from continuing operations per share (cents)		**2 490**	754		
Basic loss from discontinued operation per share (cents)		**(97)**	(31)		
Diluted basic earnings per share (cents)		**2 325**	703		
Diluted basic earnings from continuing operations per share (cents)		**2 419**	733		
Diluted basic loss from discontinued operation per share (cents)		**(94)**	(30)		

* *The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect in other operating income and R325 profit in income from associate with no tax effect (refer notes 6 and 25).*
Impairment included in income from associate is R19 million (F2017: nil) less tax of R5 million (F2017: nil).

** *Impairments included in income from joint venture of R26 million before tax of R7 million (F2017: R470 million before tax of R27 million).*

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2017							
Profit for the year to 30 June 2017		–	–	1 372	1 372	60	1 432
Profit for the year to 30 June 2017 from continuing operations		–	–	1 431	1 431	131	1 562
Loss for the year to 30 June 2017 from discontinued operation		–	–	(59)	(59)	(71)	(130)
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		(1 520)	–	–	(1 520)	–	(1 520)
Revaluation of listed investment*	8	(1 959)	–	–	(1 959)	–	(1 959)
Deferred tax on above	16	439	–	–	439	–	439
Foreign currency translation reserve movement		–	(365)	–	(365)	–	(365)
Foreign currency translation reserve movement from discontinued operation		–	403	–	403	–	403
Total other comprehensive (loss)/income		(1 520)	38	–	(1 482)	–	(1 482)
Total comprehensive (loss)/income for the year		(1 520)	38	1 372	(110)	60	(50)
For the year ended 30 June 2018							
Profit for the year to 30 June 2018		**–**	**–**	**4 562**	**4 562**	**260**	**4 822**
Profit for the year to 30 June 2018 from continuing operations		**–**	**–**	**4 747**	**4 747**	**294**	**5 041**
Loss for the year to 30 June 2018 from discontinued operation		**–**	**–**	**(185)**	**(185)**	**(34)**	**(219)**
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		**(22)**	**–**	**–**	**(22)**	**–**	**(22)**
Revaluation of listed investment*	8	**(29)**	**–**	**–**	**(29)**	**–**	**(29)**
Deferred tax on above	16	**7**	**–**	**–**	**7**	**–**	**7**
Premium on non-controlling interest release		**–**	**14**	**–**	**14**	**–**	**14**
Foreign currency translation reserve movement from continuing operations		**–**	**110**	**–**	**110**	**–**	**110**
Foreign currency translation reserve movement from discontinued operation current year movement		**–**	**(80)**	**–**	**(80)**	**–**	**(80)**
Foreign currency translation reserve movement from discontinued operation current year reversed – included in sale of Lubambe		**–**	**80**	**–**	**80**	**–**	**80**
Foreign currency translation reserve movement from discontinued operation prior year – sold	12	**–**	**(650)**	**–**	**(650)**	**–**	**(650)**
Total other comprehensive loss		**(22)**	**(526)**	**–**	**(548)**	**–**	**(548)**
Total other comprehensive (loss)/income for the year		**(22)**	**(526)**	**4 562**	**4 014**	**260**	**4 274**

* *The share price of Harmony decreased from R21.68 per share at 30 June 2017 to R21.22 at 30 June 2018 and decreased from R52.47 at 30 June 2016 to R21.68 per share at 30 June 2017. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of International Financial Reporting Standards.*

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2017					
Profit for the year to 30 June 2017		–	–	954	954
Other comprehensive income/(loss) that may be reclassified to the statement of profit or loss in subsequent periods					
Net impact of revaluation of listed investment		(1 520)	–	–	(1 520)
Revaluation of listed investment*	8	(1 959)	–	–	(1 959)
Deferred tax on above	16	439	–	–	439
Foreign currency translation reserve movement		–	5	–	5
Total other comprehensive loss		(1 520)	5	–	(1 515)
Total comprehensive (loss)/income for the year		(1 520)	5	954	(561)
For the year ended 30 June 2018					
Profit for the year to 30 June 2018		**–**	**–**	**3 906**	**3 906**
Other comprehensive income/(loss) that may be reclassified to the statement of profit or loss in subsequent periods					
Net impact of revaluation of listed investment		**(22)**	**–**	**–**	**(22)**
Revaluation of listed investment*	8	**(29)**	**–**	**–**	**(29)**
Deferred tax on above	16	**7**	**–**	**–**	**7**
Foreign currency translation reserve released – Lubambe		**–**	**(325)**	**–**	**(325)**
Foreign currency translation reserve movement		**–**	**2**	**–**	**2**
Total other comprehensive (loss)/income		**(22)**	**(323)**	**–**	**(345)**
Total comprehensive (loss)/income for the year		**(22)**	**(323)**	**3 906**	**3 561**

* *Share price of Harmony decreased from R21.68 per share at 30 June 2017 to R21.22 at 30 June 2018 and decreased from R52.47 at 30 June 2016 to R21.68 per share at 30 June 2017. The investment in Harmony is based on a level 1 fair value hierarchy level in terms of International Financial Reporting Standards.*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Notes	Share capital and premium Rm	Treasury shares Rm	Other reserves: Available-for-sale reserve Rm	Other reserves: Share-based payments Rm	Other reserves: Other* Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2016		4 228	(2 405)	1 934	874	587	18 601	23 819	762	24 581
Total comprehensive (loss)/income for the year		–	–	(1 520)	–	38	1 372	(110)	60	(50)
Profit for the year to 30 June 2017		–	–	–	–	–	1 372	1 372	60	1 432
Other comprehensive (loss)/income		–	–	(1 520)	–	38	–	(1 482)	–	(1 482)
Bonus and performance shares issued to employees	13	62	–	–	(58)	–	–	4	–	4
Dividend paid	31	–	–	–	–	–	(426)	(426)	–	(426)
Dividend paid to Impala Platinum		–	–	–	–	–	–	–	(279)	(279)
Share-based payments expense		–	–	–	201	–	–	201	–	201
Dividend reserve reversed in ARM BBEE Trust		–	–	–	–	–	9	9	–	9
Balance at 30 June 2017		4 290	(2 405)	414	1 017	625	19 556	23 497	543	24 040
Total comprehensive (loss)/income for the year		–	–	(22)	–	(526)	4 562	4 014	260	4 274
Profit for the year to 30 June 2018		**–**	**–**	**–**	**–**	**–**	**4 562**	**4 562**	**260**	**4 822**
Other comprehensive loss		**–**	**–**	**(22)**	**–**	**(526)**	**–**	**(548)**	**–**	**(548)**
Bonus and performance shares issued to employees	13	**119**	**–**	**–**	**(119)**	**–**	**–**	**–**	**–**	**–**
Dividend paid**	31	**–**	**–**	**–**	**–**	**–**	**(1 714)**	**(1 714)**	**–**	**(1 714)**
Tamboti assets sale to Two Rivers (refer note 3)		**–**	**–**	**–**	**–**	**(99)**	**–**	**(99)**	**99**	**–**
Reclassification of foreign currency translation reserve included in loss on sale of Lubambe		**–**	**–**	**–**	**–**	**(80)**	**80**	**–**	**–**	**–**
Non-controlling interest derecognised on sale of Lubambe	12	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**822**	**822**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(253)**	**(253)**
Share-based payments expense		**–**	**–**	**–**	**209**	**–**	**–**	**209**	**–**	**209**
Balance at 30 June 2018		**4 409**	**(2 405)**	**392**	**1 107**	**(80)**	**22 484**	**25 907**	**1 471**	**27 378**

* *Other reserves consist of the following:*

	F2018 Rm	*F2017 Rm*	*F2016 Rm*
Dilution in Two Rivers	***(26)***	*(26)*	*(26)*
Foreign currency translation on loans – discontinued operation (refer note 12)	***–***	*61*	*61*
Foreign currency translation reserve – Assmang	***13***	*(121)*	*103*
Foreign currency translation reserve – other entities	***4***	*28*	*164*
Foreign currency translation reserve – discontinued operation (refer note 12)	***–***	*669*	*266*
Capital redemption and prospecting loans written off	***28***	*28*	*28*
Insurance contingency	***–***	*–*	*5*
Premium paid on purchase of non-controlling interest	***–***	*(14)*	*(14)*
Tamboti assets sale to Two Rivers (refer note 3)	***(99)***	*–*	*–*
Total	***(80)***	*625*	*587*

** *The dividend paid is less than in Company due to the elimination of dividends relating to treasury shares.*

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Notes	Share capital and premium Rm	Available-for-sale reserve Rm	Share-based payments Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2016		4 228	1 934	830	354	3 091	10 437
Profit for the year to 30 June 2017		–	–	–	–	954	954
Other comprehensive (loss)/income		–	(1 520)	–	5	–	(1 515)
Total comprehensive (loss)/income for the year		–	(1 520)	–	5	954	(561)
Bonus and performance shares issued to employees	13	62	–	(58)	–	–	4
Dividend paid	31	–	–	–	–	(491)	(491)
Share-based payments expense		–	–	201	–	–	201
Balance at 30 June 2017		**4 290**	**414**	**973**	**359**	**3 554**	**9 590**
Profit for the year to 30 June 2018		**–**	**–**	**–**	**–**	**3 906**	**3 906**
Other comprehensive income		**–**	**(22)**	**–**	**(323)**	**–**	**(345)**
Total comprehensive (loss)/income for the year		**–**	**(22)**	**–**	**(323)**	**3 906**	**3 561**
Bonus and performance shares issued to employees	13	**119**	**–**	**(119)**	**–**	**–**	**–**
Dividend paid	31	**–**	**–**	**–**	**–**	**(1 972)**	**(1 972)**
Share-based payments expense		**–**	**–**	**209**	**–**	**–**	**209**
Balance at 30 June 2018		**4 409**	**392**	**1 063**	**36**	**5 488**	**11 388**

* *Other reserves consist of the following:*

	F2018 Rm	*F2017 Rm*	*F2016 Rm*
General reserve	***35***	*35*	*35*
Foreign currency translation	***1***	*324*	*319*
Total	***36***	*359*	*354*

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2018

	Notes	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		**9 195**	9 779	**3 379**	3 744
Cash paid to suppliers and employees		**(7 261)**	(8 168)	**(2 753)**	(3 202)
Cash generated from operations	33	**1 934**	1 611	**626**	542
Interest received		**159**	122	**73**	50
Interest paid		**(100)**	(247)	**(23)**	(93)
Taxation paid	34	**(426)**	(401)	**(147)**	(123)
		1 567	1 085	**529**	376
Dividends received from joint venture	7	**3 000**	2 488	**3 000**	2 488
Dividends received from subsidiaries		**–**	–	**404**	316
		4 567	3 573	**3 933**	3 180
Dividend paid to non-controlling interest – Impala Platinum		**(253)**	(279)	**–**	–
Dividend paid to shareholders	31	**(1 714)**	(426)	**(1 972)**	(491)
Net cash inflow from operating activities		**2 600**	2 868	**1 961**	2 689
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		**(1 150)**	(949)	**(407)**	(546)
Dividends received from investments – Harmony		**22**	64	**22**	64
Proceeds on disposal of property, plant and equipment		**3**	7	**2**	4
Proceeds on disposal of investment and loans	12 and 35	**741**	238	**341**	238
Investment in RBCT		**–**	(6)	**–**	(6)
Loans and receivables repaid/(advanced)		**3**	6	**(230)**	(919)
Net cash outflow from investing activities		**(381)**	(640)	**(272)**	(1 165)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from exercise of share options		**–**	4	**–**	4
Long-term borrowings raised		**496**	–	**496**	–
Long-term borrowings repaid		**(746)**	(1 475)	**(625)**	(1 460)
Short-term borrowings raised		**27**	–	**–**	57
Short-term borrowings repaid		**(132)**	(394)	**(58)**	–
Net cash outflow from financing activities		**(355)**	(1 865)	**(187)**	(1 399)
Net increase in cash and cash equivalents		**1 864**	363	**1 502**	125
Cash and cash equivalents at beginning of year		**1 031**	667	**385**	260
Foreign currency translation on cash balance		**15**	1	**–**	–
Cash and cash equivalents at end of year	11	**2 910**	1 031	**1 887**	385
Made up as follows:					
– Available		**1 779**	(68)	**1 691**	202
– Restricted		**1 131**	1 099	**196**	183
Cash generated from operations per share (cents)	31	**1 015**	849		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

1. ACCOUNTING POLICIES

Statement of compliance

The Group and Company financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, requirements of the South African Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited.

Impact of new standards

The Group has adopted the following standards and interpretations issued by IASB that became effective on or after 1 July 2017.

Standard	Subject	Effective date
IAS 7	Disclosure initiative – Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	1 January 2017
IFRS 12	Disclosure of Interests in Other Entities – Clarification of the scope of the disclosure requirements in IFRS 12 Annual Improvement Project	1 January 2017

The adoption of these standards and amendments had no significant effect on the financial statements.

ARM Coal loan restructuring

Fair value adjustments arising from substantially modified loans

In the event that loan modifications are deemed to be substantial, the Group is required to derecognise the original loans and recognise new financial instruments at their fair value.

The Group has elected to record the fair value adjustments arising on the derecognition of the substantially modified loans and the recognition of the new financial instruments, in the statement of profit or loss.

Basis of preparation

The Group and Company financial statements for the year have been prepared under the supervision of the Financial Director, Ms A M Mukhuba CA(SA).

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years, except for the above-mentioned new and revised standards, and comply with IFRS.

The Group and Company financial statements have been prepared on the historical cost basis, except for certain financial instruments that are carried at fair value.

The financial statements are presented in South African Rand and all values are rounded to the nearest million (Rm) unless otherwise indicated.

The Company financial statements are included with the Group financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint operations, joint ventures and associates at 30 June each year.

Inter-company transactions and balances

Consolidation principles relating to the elimination of inter-company transactions and balances and adjustments for unrealised inter-company profits are applied in all intra-group dealings, for all transactions with subsidiaries, joint operations, associated companies or joint ventures.

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity. Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated.

Non-controlling interest represents the portion of the statement of profit or loss and equity not held by the Group and is presented separately in the statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Losses of subsidiaries are attributed to the non-controlling interest, even if that results in a deficit balance. Before 1 January 2009, losses in subsidiaries were carried by the Group only.

Investments in subsidiaries in the Company financial statements are accounted for at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

Joint operations

Joint operations are a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. The Group accounts for joint operations, its assets, liabilities, income, expenses and cash flows and/or share thereof.

Unincorporated joint operations are recognised in the financial statements on the same basis as above.

Investment in associate and joint ventures

An associate is an investment in an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

At Group level, investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in the associates and joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures, less any impairment in value. The statement of profit or loss reflects the Group's share of the post-acquisition profit after tax of the associate or joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses. Investments in associates or joint ventures in the Company financial statements are accounted for at cost less impairment.

Trusts

When control of a trust exists or a change results in control, from that date the trust is consolidated.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint operations, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the statement of profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment on an annual basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss.

When an acquisition is achieved in stages and control is achieved, the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity held interest value and the current fair value for the same equity is recognised in the statement of profit or loss.

When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantively enacted at the reporting date, that are applicable to the taxable income. Taxation is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income, in which case the tax amounts are recognised directly in equity or in other comprehensive income.

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised.

Three-year business plans, the first year of which is approved by the Board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the reporting date and is not discounted.

Deferred tax arising on investments in subsidiaries, associates, joint operations, and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except for (a) where the VAT incurred on a purchase of an asset or service cannot be recovered from the taxation authorities; and (b) receivables and payables that are stated with the VAT included. The net amount of VAT recoverable or payable is included under receivables or payables in the statement of financial position.

Provisions

Provisions are recognised when the following conditions have been met:

- a present legal or constructive obligation to transfer economic benefits as a result of past events exists; and
- a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Insurance contract technical provisions

For insurance contracts, judgements and estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, insurance contract technical provisions form the majority of the liability in the statement of financial position.

Due to the nature of the claims arising under the insurance contracts, the use of past claims development to project future claims development and hence ultimate claims costs, is considered not to be a suitable method for the setting of insurance contract technical provisions. Instead, the Directors assess the level of unexpired risk reserve ("URR"); adverse development reserve ("ADR"); and incurred but not reported reserve ("IBNR") held for each underwriting year at every year-end based on the claims information available at that time. Accordingly, as such assessment is based upon the use of judgements, best estimates and assumptions, there is inherent risk that such assessment will be significantly different from the actual outcome.

The estimation of URR, ADR and IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Some IBNR claims may not become apparent to the insured until many years after the event which gave rise to the claims has occurred.

The use of judgements, estimates and assumptions is also employed in the assessment of the adequacy for provisions for unearned premiums, i.e. in determining whether the pattern of insurance service provided by the insurance contracts requires the earning of premium on a basis other than time apportionment.

Premiums written

Premiums written comprise premiums due on contracts entered into during the financial year, regardless of whether such amounts may relate in whole or part to a later financial year, exclusive of taxes levied on premiums. Other underwriting income and expenses, comprising commissions, brokerage, fronting fees and outward reinsurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

Claims paid

Claims paid include all payments made in respect of the year with associated claim settlement expenses, net of any salvage or subrogation recoveries.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Insurance contract technical provisions

Insurance contract technical provisions comprise provisions for unearned premium ("UPR"); and reserves for claims outstanding ("OLR"), unexpired risk, adverse development and claims incurred but not reported.

Provisions for unearned premiums, deferred other underwriting income and prepaid underwriting expenses

Unearned premiums, deferred other underwriting income and prepaid underwriting expenses represent the proportion of premiums written, other underwriting income and underwriting expenses which is estimated to be earned in future financial years, computed separately for each insurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of insurance service provided by the underlying insurance contracts.

Claims outstanding, unexpired risk reserves and adverse development reserves

Claims outstanding and adverse development reserves comprise of provisions for the estimated cost of settling all claims reported but not paid at the reporting date.

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to, but not paid at, the balance sheet date together with the relevant claims settlement expenses based on information provided by insureds, fronting insurers, and loss adjusters.

The adverse development reserves provide for the expected deterioration of claims reported.

The unexpired risk reserves bring the value of claims incurred during an unexpired policy period up to the expected loss level for the policy.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Incurred but not reported reserve

The incurred but not reported reserve is based on the estimated ultimate cost of all claims incurred but not reported at the reporting date. Delays can be experienced in the discovery, notification and settlement of certain types of claims that may arise under the insurance contracts written, therefore the ultimate cost of these claims cannot be known at the reporting date.

Reinsurers' share of insurance contract technical provisions

Provisions for unearned reinsurance premiums

The provision for unearned reinsurance premiums represents the proportion of outward reinsurance premiums which is estimated to be earned in future financial years, computed separately for each reinsurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate, and in such circumstances, the earning pattern will be adjusted to more accurately reflect the pattern of reinsurance service provided by the underlying reinsurance contracts.

Reinsurance recoveries

Provisions for claims are calculated gross of any reinsurance recoveries. A separate estimate is made for the amounts recoverable from reinsurers based upon the gross claims provisions and/or settled claims that are associated with the reinsurer's policies and are calculated in accordance with the related reinsurance contract.

Environmental rehabilitation obligations

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology, and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the statement of profit or loss under finance cost. The initial related decommissioning asset is recognised in property, plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions.

This estimate is revised annually and any movement is expensed in the statement of profit or loss. Expenditure on ongoing rehabilitation is charged to the statement of profit or loss under cost of sales as incurred.

Trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds is carried at cost in the Company financial statements. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

Treasury shares

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss in the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings.

The recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group does not apply hedge accounting.

Financial assets

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the statement of profit or loss.

Financial assets at fair value through the statement of profit or loss are measured at fair value with gains and losses being recognised in the statement of profit or loss.

Held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or reversals which are recognised in the statement of profit or loss.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in comprehensive income. Impairment losses are recognised in the statement of profit or loss.

Any impairment reversals on debt instruments classified as available-for-sale are recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in equity.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence as a result of one or more events that have occurred after the initial recognition, that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is an indication that an impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the statement of profit or loss.

Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised in comprehensive income.

Financial liabilities

Financial liabilities at fair value through the statement of profit or loss are measured at fair value with gains and losses being recognised in the statement of profit or loss.

Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the statement of profit or loss. Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the statement of profit or loss.

A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash that is subject to legal or contractual restrictions on use is included in cash, but indicated as restricted.

Investments

Investments, other than investments in subsidiaries, associates, joint operations and joint ventures, are considered to be available-for-sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available-for-sale investments are reflected in the available-for-sale reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the statement of profit or loss. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the reporting date.

Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models. Where a reliable fair value cannot be determined, investments are carried at cost.

All regular purchases and sales of financial assets are recognised on the trade date, i.e. the date the Group commits to purchasing the asset.

Receivables

Trade receivables, which generally have 30 – 90 day terms, are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through the statement of profit or loss. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the statement of profit or loss.

Payables

Trade and other payables are not interest-bearing and are initially recorded at fair value and subsequently at amortised cost and classified as financial liabilities at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of profit or loss.

Offsetting of financial instruments

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and the Group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

Intangible assets

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Amortisation is based on units of production or units of export sales. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Investment property

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount.

Where the building has changed from owner occupied to investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the statement of profit or loss when the recoverable amount is less than the carrying amount.

Property, plant and equipment

Property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs of evaluation of a smelter prior to approval to develop are capitalised, provided that there is a high degree of confidence that the project will be deemed commercially viable. Costs incurred with commissioning the new asset, in the period before it is capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent that they are expected to give rise to future economic benefit.

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine or its current production, site preparation and pre-production stripping costs, as well as the decommissioning thereof, are capitalised when it is probable that the future economic benefits will flow to the entity and it can be measured reliably. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Capitalised development costs are classified under mine development and decommissioning assets and are recognised at cost. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are depreciated using the units-of-production method based on estimated proven and probable ore reserves from which future economic benefits will be realised, resulting in these assets being carried at cost less depreciation and any impairment losses. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a "stripping activity asset", if:

- future economic benefits (being improved access to the ore body) are probable;
- the component of the ore body for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset included under mine development and decommissioning asset. If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the ore body that became more accessible. As a result, the stripping activity asset is carried at cost less depreciation and any impairment losses.

Mineral rights

Mineral rights that are being depleted are depreciated over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years.

Plant and machinery

Mining plant and machinery is depreciated on the units-of-production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves.

Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in the depreciation calculation is 25 years.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items, provided these meet the definition of property, plant and equipment. Expenditure incurred to replace or modify a significant component of a plant is capitalised and any remaining book value of the component replaced is written off in the statement of profit or loss.

Mine properties

Mine properties (including houses and administration blocks) are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount currently expected to be obtained for the asset after deducting estimated costs of the disposal, if the asset was already at the end of its useful life.

Furniture, equipment and vehicles

Furniture, equipment and vehicles are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Finance leases

Finance leases are depreciated on a straight-line basis over their expected useful lives or the lease term, if less, to estimated residual values.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales.

During the period of development, the asset is tested for impairment annually.

Depreciation rates

Depreciation rates that are based on units-of-production take into account proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

- furniture and equipment 10% to 33%;
- mine properties 4% to 7%;
- motor vehicles 20%;
- mine development assets, plant and machinery, mineral rights and land over 10 to 25 years;
- investment properties 2%; and
- intangible assets over life-of-mine to a maximum of over 25 years.

Exploration expenditure

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised, the Group utilises several different sources of information and also differentiates projects by levels of risks, including:

- degree of certainty over the mineralisation of the ore body;
- commercial risks, including but not limited to country risk; and
- prior exploration knowledge available about the target ore body.

Exploration expenditure on Greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on Brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Group has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a prefeasibility study that future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available-for-sale in its present condition. For the sale to be highly probable, management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair values less costs to sell and are not depreciated.

Impairment of non-financial assets

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. The recoverable amount is the higher of fair value less cost of disposal or value in use. Value in use is determined by an estimated future cash flow discounted at a pre-tax discount rate. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is expensed in the statement of profit or loss. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back. Intangible assets with an indefinite life are tested annually for impairment.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

- activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance costs in the statement of profit or loss as incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- Consumables and maintenance spares are valued at weighted average cost.
- Ore stockpiles are valued at weighted average cost.
- Finished products are valued at weighted average cost.
- Houses are valued at their individual cost.
- Work-in-progress is valued at weighted average cost, including an appropriate portion of direct overhead costs.
- Unallocated overhead costs due to below normal capacity are expensed as short workings.
- Raw materials are valued at weighted average cost.
- By-products are valued at weighted average cost.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle, which could be the next financial year. If not, they are classified as non-current.

Foreign currency translations

The Group and Company financial statements are presented in South African Rand, which is the Company's functional currency.

Foreign entities

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the reporting date.
- Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow.
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
- Fair value adjustments of the foreign entity are translated at the rate prevailing on date of valuation.
- Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the statement of profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in the functional currency using the exchange rate ruling at the reporting date, with the resulting exchange differences being recognised in the statement of profit or loss.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to control the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly against the statement of profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Employee benefits

The Group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Other long-term benefits

The Group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as an income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

Share-based payments

The Company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management's estimate, which is considered annually, of shares that are expected to vest.

Fair value is measured using an option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Equity-settled options expense is recognised over the expected vesting period.

Broad-based Black Economic Empowerment (BBBEE) transactions

When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

Revenue recognition

Revenue, which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the amount received or receivable net of VAT, cash discounts and rebates.

Dividend income

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Mining products

Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In some cases, where the terms of the executed sales agreement allow for an adjustment to the selling price based on a survey of the goods by the customer, recognition of the sales revenue is based on the most recently determined estimate of product specification.

Sales on FOB (free on board) and CIF (cost insurance freight) are recognised on the date of loading.

In the case of certain commodities the final selling price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the term of the operating lease.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

Cost of sales

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

Early settlement discounts and rebates

These are deducted from revenue and cost of inventories when applicable.

Reinsurance

Premiums are disclosed on a gross basis in other operating income. Claims are presented on a gross basis in receivables and payables. The Group cedes insurance risk in the normal course of business for the majority of its business.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

A geographical segment is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, amongst others, revisions to estimated reserves, resources and life of operations, developments in technology, regulatory requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used, refer to individual notes. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below.

Capitalised stripping costs

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a "stripping activity asset". Judgement is required to distinguish between these two activities at each of the surface operations.

The ore bodies need to be identified in its various separately identifiable components for each of its surface mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the ore body, the milestones relating to major capital investment decisions, and the type of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units-of-production method in determining the depreciable lives of the stripping activity asset.

Mine rehabilitation provisions

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss.

Other resources and reserves estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units-of-production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units-of-production depreciation methodologies are available to choose from; the Group adopts a run-of-the-mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

Impairment of assets

Each cash-generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

Asset useful lives and residual values

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

Share-based payments

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

Definitions

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For cash flow purposes, overdrafts are deducted from cash and cash equivalents that are on the statement of financial position.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Active market

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Basic earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 4 of 2018 issued by SAICA. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

This is calculated using the effective interest method less any provision for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available, it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions with reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flow payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Diluted headline earnings per share are calculated on the same basis as diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Special items

These are items that are of a capital nature and not part of the operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before special items, income from associates and joint venture

This comprises basic earnings, to which is added back non-controlling interest, taxation, special items, income from associate, income from joint venture, finance cost, income from investments, amortisation and depreciation.

New standards

The following new standards and/or amendments have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IAS 28	Investment in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice Annual Improvement Project	1 January 2018
IAS 28	Long-term interest in Associates and Joint Ventures – Amendment	1 January 2019
IFRS 1	First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters Annual Improvement Project	1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	1 January 2018
IFRS 4 and IFRS 9	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

New accounting standards, amendments issued to accounting standards, and interpretations which are relevant to ARM, but not yet effective on 30 June 2018, have not been adopted.

The Group does not intend early adopting any of the above amendments, standards or interpretations.

ARM continuously evaluates the impact of these standards and amendments, the most prominent being IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. All other standards and amendments are not expected to have any material impact. In summary, the following are the current expectations in relation to IFRS 9, IFRS 15 and IFRS 16.

IFRS 9 Financial Instruments

IFRS 9 becomes effective for ARM for the financial year beginning 1 July 2018.

ARM will adopt IFRS 9 by adjusting opening retained income at 1 July 2018. Figures for F2018 will not be restated.

The key changes for ARM include the following:

Equity investments (other than investments in subsidiaries, associates and joint ventures)

Currently, ARM has classified the listed shares in Harmony as available-for-sale, whereby fair value gains and losses are recognised in equity (other comprehensive income), except upon impairment or disposal when such amounts previously recognised in equity are reclassified into profit or loss. Other equity investments have been measured at fair value through profit or loss, except for some unlisted investments which are carried at cost because the fair value cannot be determined reliably.

Under IFRS 9, all equity investments are measured at fair value. There is a choice to designate where the remeasurements of particular equity investments are recognised – either equity (other comprehensive income) or profit or loss. ARM has designated the listed shares in Harmony to be remeasured through equity with no subsequent reclassification to profit or loss. Dividends received will continue to be recognised in profit or loss unless dividends clearly represent a recovery of part of the cost of the investment.

Currently, unlisted investments are measured at cost where the fair value cannot be reliably measured. Under IFRS 9, there is no possibility to use the cost method, and as such, investments in equities need to be measured at fair value. The impact of measuring unlisted investments at fair value instead of cost is still being determined.

Trade and other receivables (including loans advanced)

The majority of trade receivables contain provisional pricing features linked to commodity prices and exchange rates. Currently, these receivables have been designated to be measured at fair value through profit or loss. Under IFRS 9, such instruments would continue to be measured on the same basis.

Other receivables, including loans advanced, are expected to continue to be measured at amortised cost under IFRS 9. The impairment model for amortised cost financial assets under IFRS 9 requires the recognition of expected losses, rather than only incurred losses. The process of determining the impact of adopting the expected credit loss model continues.

Loans to associated entities are currently carried at cost or amortised cost – management are in the process of evaluating whether these now need to be carried at fair value as per IFRS 9 and if so, determine the fair value.

IFRS 15 Revenue from Contracts with Customers

The key issues identified, and the Group's views and perspectives, are set out below. These are based on the Group's current interpretation of IFRS 15 and may be subject to changes as interpretations evolve more generally. Furthermore, the Group is considering and will continue to monitor any further development.

IFRS 15 requires revenue from contracts with customers to be recognised when the separate performance obligations are satisfied, which is when control of the promised goods or services is transferred to the customer.

ARM will adopt IFRS 15 on 1 July 2018 using the fully retrospective approach, whereby opening retained income at 1 July 2017 will be adjusted and the figures for F2018 will be restated. The diagnostic impact assessment performed during the year identified gaps between existing and future requirements.

Financial impact

Revenue primarily comprises commodity sales – both local and export. Currently, revenue is recognised when the risks and rewards of ownership of the commodities have been transferred. Under IFRS 15, the timing of revenue recognition for sales of commodities remains the same. It is however noted that the timing of revenue recognition by certain equity-accounted investees in respect of their export sales, subject to CIF and CFR Incoterms, will be different under IFRS 15. Under such shipping terms, the equity-accounted investee is required to procure and pay for freight and/or insurance after transfer of control of the commodities. In such contracts, these shipping services will need to be treated as separate performance obligations under IFRS 15, and a portion of the total transaction price recognised as revenue by the investee only when such services are provided. Although the quantification of such differences is still in progress, at this stage it is not expected that this change will have a material impact on the amount of equity-accounted earnings recognised by the Group in F2018 or F2019.

Some of the Group's commodity sales are subject to assay estimates. When considering the initial assay estimate, the Group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration – that it will only include amounts in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final assay/quality is subsequently resolved, i.e., finalisation of sale by

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

1. ACCOUNTING POLICIES continued

customer. The assay differences are not usually material to the Group, hence, no change is expected when compared to the current IAS 18 approach. Consistent with current practice, any subsequent changes that arise due to differences between initial and final assay will be recognised as an adjustment to revenue from contracts with customers.

Some of the Group's commodity sales are subject to provisional pricing features such as commodity prices and foreign exchange rates which are only finalised sometime after transfer of the commodities. Currently, the changes in these variables are recognised as part of revenue. Although changes in these variables are not within the scope of variable consideration under IFRS 15, they will continue to be presented as revenue, therefore there will be no change to the amount of overall revenue, but the disclosure of the disaggregation of revenue will change as a result.

Adjustments, in the form of penalties, are made to the pricing to the extent the commodities sold do not meet certain specifications. As a result, the IFRS 15 constraint on variable consideration applies, which seeks to limit the amount of revenue recognised to guard against significant reversals in subsequent reporting periods. It is not expected that this constraint will have a material impact on revenue recognised by the Group in F2018 and F2019.

The Group's revenue also includes management fees which are variable, and, hence, are subject to the IFRS 15 variable consideration constraint. It is not expected that this constraint will have a material impact on revenue recognised by the Group in F2018 or F2019.

The requirement under IFRS 15 to capitalise and amortise costs to acquire contracts is not expected to have a material impact on the Group.

Disclosure impact

IFRS 15 requires additional detailed disclosures about the amount and timing of revenue recognition. The key areas for ARM include information about the nature of its performance obligations, how they are satisfied, the transaction price for contracts not yet satisfied and the disaggregation of revenue.

At this stage, ARM expects that the majority of the additional disclosure will relate to updating its accounting policies and disaggregation of revenue due to provisional pricing.

IFRS 16 Leases

The standard is effective for annual periods beginning on or after 1 January 2019 (i.e. for the financial year beginning 1 July 2019 for ARM).

ARM has made the decision not to early adopt IFRS 16.

ARM continues with the detail assessment of the potential impact of this standard on the financial statements. ARM must still make a decision on the transition method to be applied as well as the practical expedients to be used.

2. PRIMARY SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and Other and Gold are included in ARM Corporate and tabled below.

	Continuing operations							Discontinued operation
Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
2.1 Year to 30 June 2018								
Sales	7 318	13 774	1 028	–	22 120	(13 774)	8 346	340
Cost of sales	(6 050)	(8 103)	(857)	37	(14 973)	8 073	(6 900)	(282)
Other operating income[3]	60	217	896	504	1 677	(150)	1 527	4
Other operating expenses	(284)	(1 249)	(7)	(972)	(2 512)	1 249	(1 263)	(70)
Segment result	1 044	4 639	1 060	(431)	6 312	(4 602)	1 710	(8)
Income from investments	34	299	10	133	476	(299)	177	–
Finance cost	(80)	(34)	(172)	(108)	(394)	34	(360)	(12)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	–	–	–	–	(20)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation[4]	–	–	–	–	–	–	–	–
Profit from associate[5]	–	–	619	–	619	–	619	–
Income from joint venture[6]	–	118	–	–	118	3 392	3 510	–
Special items before tax	(39)	(25)	(3)	–	(67)	25	(42)	(117)
Taxation	(287)	(1 460)	(45)	(231)	(2 023)	1 450	(573)	(62)
Profit/(loss) after tax	672	3 537	1 469	(637)	5 041	–	5 041	(219)
Non-controlling interest	(291)	–	–	(3)	(294)	–	(294)	34
Consolidation adjustment[7]	–	(27)	–	27	–	–	–	–
Contribution to basic earnings	381	3 510	1 469	(613)	4 747	–	4 747	(185)
Contribution to headline earnings	420	3 528	1 485	(613)	4 820	–	4 820	(6)
Other information								
Segment assets, including investment in associate	9 009	20 223	4 689	5 103	39 024	(4 719)	34 305	
Investment in associate			1 798		1 798		1 798	
Investment in joint venture						15 504	15 504	
Segment liabilities	1 880	1 883	1 453	1 878	7 094	(1 883)	5 211	
Unallocated liabilities (tax and deferred tax)					4 552	(2 836)	1 716	
Consolidated total liabilities					11 646	(4 719)	6 927	
Cash inflow/(outflow) generated from operations	1 593	4 880	305	109	6 887	(4 880)	2 007	(73)
Cash inflow/(outflow) from operating activities	1 120	3 789	309	(1 753)	3 465	(789)	2 676	(76)
Cash (outflow)/inflow from investing activities	(907)	(1 447)	(188)	573	(1 969)	1 447	(522)	141
Cash outflow from financing activities	(38)	–	(115)	(195)	(348)	–	(348)	(7)
Capital expenditure	802	1 474	140	2	2 418	(1 474)	944	46
Amortisation and depreciation	572	971	167	2	1 712	(971)	741	
Impairment before tax	39	26	19	–	84	(26)	58	
EBITDA	1 616	5 610	1 227	(429)	8 024	(5 573)	2 451	(8)

There were no significant inter-company sales.

1 *Refer to ARM Ferrous segment note 2.3 and note 7 for more detail.*

2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

3 *The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect.*

4 *Inter-company interest of R127 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.*

5 *The restructuring of the ARM Coal loans had an impact of R325 million profit with no tax effect. Impairment loss included in income from associate is R19 million less tax of R5 million.*

6 *Impairment loss included in income from joint venture R26 million before tax of R7 million.*

7 *Relates to capitalised fees in ARM Ferrous.*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Continuing operations							Dis-continued operation
Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjust-ment[2] Rm	Total per IFRS financial state-ments Rm	ARM Copper Rm
2. PRIMARY SEGMENTAL INFORMATION continued								
2.1 Year to 30 June 2017								
Sales	7 247	13 140	911	–	21 298	(13 140)	8 158	600
Cost of sales	(6 097)	(7 405)	(866)	40	(14 328)	7 377	(6 951)	(601)
Other operating income	78	35	37	595	745	12	757	4
Other operating expenses	(276)	(1 214)	(4)	(1 470)	(2 964)	1 214	(1 750)	(238)
Segment result	952	4 556	78	(835)	4 751	(4 537)	214	(235)
Income from investments	30	537	–	208	775	(537)	238	–
Finance cost	(70)	(48)	(215)	(138)	(471)	48	(423)	(19)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	–	–	–	–	(56)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation[3]	–	–	–	–	–	–	–	–
Loss from associate	–	–	181	–	181	–	181	–
Income from joint venture[4]	–	(23)	–	–	(23)	3 288	3 265	–
Special items before tax	(2 243)	(471)	–	(79)	(2 793)	471	(2 322)	180
Taxation	376	(1 272)	38	–	(858)	1 267	409	–
(Loss)/profit after tax	(955)	3 279	82	(844)	1 562	–	1 562	(130)
Non-controlling interest	(140)	–	–	9	(131)	–	(131)	71
Consolidation adjustment[5]	–	(14)	–	14	–	–	–	–
Contribution to basic earnings	(1 095)	3 265	82	(821)	1 431	–	1 431	(59)
Contribution to headline earnings	350	3 709	82	(742)	3 399	–	3 399	(203)

1 *Refer to ARM Ferrous segment note 2.3 and note 7 for more detail.*
2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*
3 *Inter-company interest of R219 million receivable by ARM Corporate and accrued by ARM Copper re-presented in terms of IFRS 5.*
4 *Impairment included in income from joint venture R470 million before tax of R27 million.*
5 *Relates to capitalised fees in ARM Ferrous.*

2. PRIMARY SEGMENTAL INFORMATION continued

2.1 Year to 30 June 2017

continued

	Continuing operations							Discontinued operation
Attributable	ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS adjustment[2] Rm	Total per IFRS financial statements Rm	ARM Copper Rm
Other information								
Segment assets, including investment in associate	8 234	19 249	3 785	3 763	35 031	(4 389)	30 642	1 604
Investment in associate			1 334		1 334	–	1 334	
Investment in joint venture						14 860	14 860	
Segment liabilities	1 819	1 617	1 848	1 958	7 242	(1 617)	5 625	1 172
Unallocated liabilities (tax and deferred tax)					4 181	(2 772)	1 409	
Consolidated total liabilities					11 423	(4 389)	7 034	
Cash inflow/(outflow) generated from operations	1 419	4 933	222	54	6 628	(4 933)	1 695	(84)
Cash inflow/(outflow) from operating activities	868	4 396	222	(555)	4 931	(1 908)	3 023	(155)
Cash (outflow)/inflow from investing activities	(727)	(1 142)	(181)	300	(1 750)	1 142	(608)	(32)
Cash outflow from financing activities	(15)	–	(40)	(1 806)	(1 861)	–	(1 861)	(4)
Capital expenditure	783	1 361	196	2	2 342	(1 361)	981	41
Amortisation and depreciation	546	913	159	3	1 621	(913)	708	107
Impairment before tax	(2 243)	(470)	–	–	(2 713)	470	(2 243)	180
EBITDA	1 498	5 469	237	(832)	6 372	(5 450)	922	(128)

There were no significant inter-company sales.

1 *Refer to ARM Ferrous segment note 2.3 and note 7 for more detail.*

2 *Includes IFRS 11 – Joint Arrangements – adjustments related to ARM Ferrous.*

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

The ARM Platinum segment is analysed further into Two Rivers Platinum Mine, ARM Mining Consortium (which includes Modikwa Platinum Mine) and Nkomati Nickel Mine.

2. PRIMARY SEGMENTAL INFORMATION continued

2.2 Year to 30 June 2018

Attributable	Nkomati Rm	Two Rivers Rm	Modikwa[1] Rm	Platinum Total Rm
External sales	1 639	3 883	1 796	7 318
Cost of sales	(1 540)	(2 879)	(1 631)	(6 050)
Other operating income	7	22	31	60
Other operating expenses	(88)	(152)	(44)	(284)
Segment result	18	874	152	1 044
Income from investments	7	11	16	34
Finance cost	(14)	(63)	(3)	(80)
Special items before tax	1	–	(40)	(39)
Taxation	(2)	(239)	(46)	(287)
Profit after tax	10	583	79	672
Non-controlling interest	–	(277)	(14)	(291)
Contribution to basic earnings	10	306	65	381
Contribution to headline earnings	9	306	105	420
Other information				
Segment and consolidated assets	1 914	4 774	2 321	9 009
Segment liabilities	374	1 158	348	1 880
Unallocated liabilities (tax and deferred tax)				913
Consolidated total liabilities				2 793
Cash inflow generated from operations	269	1 175	149	1 593
Cash inflow from operating activities	271	688	161	1 120
Cash outflow from investing activities	(211)	(560)	(136)	(907)
Cash (outflow)/inflow from financing activities	(65)	27	–	(38)
Capital expenditure	214	455	133	802
Amortisation and depreciation	162	318	92	572
(Reversal)/impairment before tax	(1)	–	40	39
EBITDA	180	1 192	244	1 616

1 Anglo American Platinum and ARM have been in ongoing discussions to find a holistic solution to ensure the sustainability of Modikwa. On 16 July 2018, the partners agreed to temporarily amend the terms of the existing Sale of Concentrate agreement to improve the cash flow generation of the mine while a turnaround and operational improvement plan is implemented. The negotiations have been ongoing since F2017 and became unconditional in F2018.

As a result, the financial results for the year ended 30 June 2018 include an adjustment for 18 months.

2. PRIMARY SEGMENTAL INFORMATION continued

2.2 Year to 30 June 2017

Attributable	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
External sales	1 995	3 996	1 256	7 247
Cost of sales	(1 840)	(2 899)	(1 358)	(6 097)
Other operating income	45	16	17	78
Other operating expenses	(80)	(168)	(28)	(276)
Segment result	120	945	(113)	952
Income from investments	6	14	10	30
Finance cost	(15)	(48)	(7)	(70)
Special items before tax	(988)	–	(1 255)	(2 243)
Taxation	257	(275)	394	376
(Loss)/profit after tax	(620)	636	(971)	(955)
Non-controlling interest	–	(311)	171	(140)
Contribution to basic earnings	(620)	325	(800)	(1 095)
Contribution to headline earnings	91	325	(66)	350
Other information				
Segment and consolidated assets	1 840	4 215	2 179	8 234
Segment liabilities	397	1 113	309	1 819
Unallocated liabilities (tax and deferred tax)				845
Consolidated total liabilities				2 664
Cash inflow/(outflow) generated from operations	284	1 244	(109)	1 419
Cash inflow/(outflow) from operating activities	283	684	(99)	868
Cash outflow from investing activities	(359)	(240)	(128)	(727)
Cash inflow/(outflow) from financing activities	42	(57)	–	(15)
Capital expenditure	359	293	131	783
Amortisation and depreciation	189	268	89	546
Impairment before tax	(988)	–	(1 255)	(2 243)
EBITDA	309	1 213	(24)	1 498

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

2. PRIMARY SEGMENTAL INFORMATION continued

2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis

	Iron ore division Rm	Manganese division Rm	Chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjust-ment[1] Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2018							
Sales	14 534	12 833	180	27 547	13 774	(13 774)	–
Other operating income	692	664	–	1 356	217	(217)	–
Other operating expense	(1 853)	(1 645)	78	(3 420)	(1 249)	1 249	–
Operating profit	4 230	5 105	(58)	9 277	4 639	(4 639)	–
Contribution to earnings	3 343	3 772	(42)	7 073	3 537	(27)	3 510
Contribution to headline earnings	3 343	3 808	(42)	7 109	3 555	(27)	3 528
Other information							
Consolidated total assets	23 149	17 992	524	41 665	20 223	(4 719)	15 504
Consolidated total liabilities	6 165	3 190	426	9 781	1 883	(1 883)	–
Capital expenditure	1 780	1 285	16	3 081	1 474	(1 474)	–
Amortisation and depreciation	1 401	594	8	2 003	971	(971)	–
Cash inflow from operating activities	1 522[2]	3 001	55	4 578	3 789	(3 789)	–
Cash outflow from investing activities	(1 725)	(1 153)	(15)	(2 893)	(1 447)	1 447	–
EBITDA	5 631	5 699	(50)	11 280	5 610	(5 610)	–
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				22 712		(22 712)	–
Investment in joint venture				3 011		(3 011)	–
Other non-current assets				786		(786)	–
Current assets							
Inventories				4 392		(4 392)	–
Trade and other receivables				5 522		(5 522)	–
Financial assets				228		(228)	–
Cash and cash equivalents				5 014		(5 014)	–
Non-current liabilities							
Other non-current liabilities				6 796		(6 796)	–
Current liabilities							
Trade and other payables				1 819		(1 819)	–
Short-term provisions				961		(961)	–
Taxation				206		(206)	–

Refer note 2.1 and note 7 for more detail on the ARM Ferrous segment.

1 *Includes consolidation and IFRS 11 – Joint Arrangements – adjustments.*

2 *Dividend paid amounting to R3 billion included in cash flow from operating activities.*

2. PRIMARY SEGMENTAL INFORMATION continued

2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis continued

	Iron ore division Rm	Manganese division Rm	Chrome division Rm	Continuing operation ARM Ferrous Total Rm	Discontinued operation Chrome division[1] Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjustment[2] Rm	Total per IFRS financial statements Rm
Year to 30 June 2017									
Sales	15 853	10 219	208	26 280	–	26 280	13 140	(13 140)	–
Other operating income	495	130	–	625	–	625	35	(35)	–
Other operating expense	(1 900)	(1 056)	(24)	(2 980)	(4)	(2 984)	(1 214)	1 214	–
Operating profit	5 762	3 361	(9)	9 114	(4)	9 110	4 556	(4 556)	–
Contribution to earnings	4 373	2 182	(7)	6 548	10	6 558	3 279	(14)	3 265
Contribution to headline earnings	4 373	2 322	(7)	6 688	756	7 444	3 723	(14)	3 709
Other information									–
Consolidated total assets	25 571	13 519	554	39 644	–	39 644	19 249	(4 389)	14 860
Consolidated total liabilities	5 931	2 754	414	9 099	–	9 099	1 617	(1 617)	–
Capital expenditure	1 169	1 648	–	2 817	–	2 817	1 361	(1 361)	–
Amortisation and depreciation	1 417	465	–	1 882	–	1 882	913	(913)	–
Cash inflow from operating activities	1 188[3]	2 627	–	3 815	–	3 815	4 396	(4 396)	–
Cash outflow from investing activities	(964)	(1 320)	–	(2 284)	–	(2 284)	(1 142)	1 142	–
EBITDA	7 179	3 826	(9)	10 996	(4)	10 992	5 469	(5 469)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						21 704		(21 704)	–
Investment in joint venture						2 527		(2 527)	–
Other non-current assets						843		(843)	–
Current assets									
Inventories						3 648		(3 648)	–
Trade and other receivables						4 317		(4 317)	–
Financial assets						276		(276)	–
Cash and cash equivalents						6 330		(6 330)	–
Non-current liabilities									
Other non-current liabilities						6 479		(6 479)	–
Current liabilities									
Trade and other payables						1 584		(1 584)	–
Short-term provisions						643		(643)	–
Taxation						392		(392)	–

Refer note 2.1 and note 7 for more detail on the ARM Ferrous segment.

1 *This relates to the Dwarsrivier operation.*

2 *Includes consolidation and IFRS 11 – Joint Arrangements – adjustments.*

3 *Dividend paid amounting to R2.5 billion included in cash flow from operating activities.*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

2. PRIMARY SEGMENTAL INFORMATION continued

2.4 Additional information

ARM Corporate as presented in the table on pages 45 to 47 is analysed further into Corporate and Other, ARM Exploration and Gold segments.

	ARM Exploration Rm	Corporate and Other[1] Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2018				
Cost of sales	–	37		37
Other operating income	–	504		504
Other operating expenses	(23)	(949)		(972)
Segment result	(23)	(408)		(431)
Income from investments	–	111	22	133
Finance costs[2]	–	(108)		(108)
Taxation	–	(231)		(231)
(Loss)/profit after tax	(23)	(636)	22	(637)
Non-controlling interest	–	(3)		(3)
Consolidation adjustments[3]		27		27
Contribution to basic earnings	(23)	(612)	22	(613)
Contribution to headline earnings	(23)	(612)	22	(613)
Other information				
Segment and consolidated assets	–	3 752	1 351	5 103
Segment liabilities	–	1 878		1 878
Cash outflow from operating activities	(23)	(1 730)		(1 753)
Cash inflow from investing activities	–	551	22	573
Cash outflow from financing activities	–	(195)		(195)
Capital expenditure	–	2		2
Amortisation and depreciation	–	2		2
EBITDA	(23)	(406)		(429)

1 Corporate, other companies and consolidation adjustments.
2 Inter-company interest of R127 million (F2017: R219 million) receivable by ARM Corporate and accrued by ARM Copper re-presented in terms of IFRS 5.
3 Relates to capitalised fees in ARM Ferrous.

2. PRIMARY SEGMENTAL INFORMATION continued

2.4 Additional information continued

	ARM Exploration Rm	Corporate and Other[1] Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2017				
Cost of sales	–	40		40
Other operating income	–	595		595
Other operating expenses	(28)	(1 442)		(1 470)
Segment result	(28)	(807)		(835)
Income from investments	–	144	64	208
Finance costs[2]	–	(138)		(138)
Special items before tax	–	(79)		(79)
(Loss)/profit after tax	(28)	(880)	64	(844)
Non-controlling interest	–	9		9
Consolidation adjustment[3]	–	14		14
Contribution to basic earnings	(28)	(857)	64	(821)
Contribution to headline earnings	(28)	(778)	64	(742)
Other information				
Segment and consolidated assets	–	2 383	1 380	3 763
Segment liabilities	–	1 958		1 958
Cash outflow from operating activities	(28)	(527)		(555)
Cash inflow from investing activities	–	236	64	300
Cash outflow from financing activities	–	(1 806)		(1 806)
Capital expenditure	–	2		2
Amortisation and depreciation	–	3		3
EBITDA	(28)	(804)		(832)

1 Corporate, other companies and consolidation adjustments.
2 Inter-company interest of R127 million (F2017: R219 million) receivable by ARM Corporate and accrued by ARM Copper re-presented in terms of IFRS 5.
3 Relates to capitalised fees in ARM Ferrous.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	F2018 Rm	F2017 Rm
2. PRIMARY SEGMENTAL INFORMATION continued		
2.5 Geographical segments		
The Group operates principally in South Africa; however, the Vale/ARM joint operation operates principally in Zambia and Sakura operates in Malaysia. The Lubambe operation in Zambia which formed part of the Vale/ARM joint operation was sold during the year.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**27 154**	24 780
– Europe	**1 016**	352
– Americas	**149**	189
– Far and Middle East	**5 952**	5 321
– Zambia	**–**	1 425
– Other	**34**	179
	34 305	32 246
Sales by geographical area:		
– South Africa	**6 881**	5 720
– Europe	**1 460**	1 957
– Far and Middle East	**5**	414
– Other	**–**	67
	8 346	8 158
Sales to major customers:		
The only segment that is affected by the requirement to show this analysis is the Platinum segment and the breakdown is as follows:		
Rustenburg Platinum Mines Limited	**1 796**	1 256
Impala Platinum Limited	**3 883**	3 996
Capital expenditure		
– South Africa	**944**	981
– Rest of Africa – discontinued operation Lubambe	**46**	41
	990	1 022

3. PROPERTY, PLANT AND EQUIPMENT

	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture equipment and vehicles Rm	Finance leases Rm	Total Property, plant and equipment Rm
GROUP								
Cost								
Balance at 30 June 2016	8 520	6 880	519	2 623	369	978	410	20 299
Additions	760	151	2	–	–	48	57	1 018
Assets held for sale (refer note 12)	(2 306)	(1 983)	(94)	(171)	–	(58)	(72)	(4 684)
Change in estimates[1]	(28)	11	244	–	–	7	–	234
Derecognition	(5)	(3)	–	–	–	–	(7)	(15)
Disposals	–	(5)	–	–	–	(23)	(26)	(54)
Reclassifications	(6)	15	–	–	–	(9)	–	–
Foreign currency translation movement	(288)	(247)	(12)	(21)	–	(8)	(9)	(585)
Balance at 30 June 2017	**6 647**	**4 819**	**659**	**2 431**	**369**	**935**	**353**	**16 213**
Additions	**622**	**135**	**21**	**–**	**–**	**102**	**64**	**944**
Change in estimates[1]	**(163)**	**147**	**(43)**	**–**	**–**	**5**	**–**	**(54)**
Derecognition	**(1)**	**–**	**1**	**–**	**–**	**(19)**	**–**	**(19)**
Disposals	**(64)**	**(36)**	**–**	**–**	**–**	**(77)**	**(21)**	**(198)**
Balance at 30 June 2018	**7 041**	**5 065**	**638**	**2 431**	**369**	**946**	**396**	**16 886**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2016	4 737	2 993	205	458	3	628	309	9 333
Assets held for sale (refer note 12)	(1 872)	(1 245)	(46)	(20)	–	(55)	(54)	(3 292)
Charge for the year	272	316	31	49	1	89	46	804
Change in estimates[1]	–	(20)	–	–	–	–	–	(20)
Derecognition	–	(3)	–	–	–	–	(6)	(9)
Disposals	–	(3)	–	–	–	(22)	(24)	(49)
Impairment (refer note 36)	1 201	115	–	927	–	–	–	2 243
Reclassifications	(271)	271	–	–	–	–	–	–
Reversal impairment (refer note 36)	–	(180)	–	–	–	–	–	(180)
Foreign currency translation movement	(234)	(163)	(5)	(2)	–	(7)	(7)	(418)
Balance at 30 June 2017	**3 833**	**2 081**	**185**	**1 412**	**4**	**633**	**264**	**8 412**
Charge for the year	**239**	**258**	**59**	**48**	**–**	**88**	**39**	**731**
Derecognition	**–**	**(1)**	**–**	**–**	**–**	**(18)**	**–**	**(19)**
Disposals	**(62)**	**(34)**	**–**	**–**	**–**	**(77)**	**(21)**	**(194)**
Impairment (refer note 36)	**–**	**–**	**–**	**40**	**–**	**–**	**–**	**40**
Balance at 30 June 2018	**4 010**	**2 304**	**244**	**1 500**	**4**	**626**	**282**	**8 970**
Carrying value at 30 June 2017	2 814	2 738	474	1 019	365	302	89	7 801
Carrying value at 30 June 2018	**3 031**	**2 761**	**394**	**931**	**365**	**320**	**114**	**7 916**

1 *Change in estimates relates to the fair value adjustment made on the variable consideration payable by Two Rivers to Assmang (refer note 17).*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

3. PROPERTY, PLANT AND EQUIPMENT continued

Tamboti

During the year, the mineral rights held in Tamboti Platinum Proprietary Limited was sold to Two Rivers. The net effect was a R99 million increase in the non-controlling interest of the Group (refer statement of changes in equity). This increased the ARM shareholding in Two Rivers from 51% to 54%.

Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2018 (F2017: nil).

Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R245 million (F2017: R118 million).

Pledged assets

The carrying value of assets pledged as security for loans amounts to R4.8 billion (F2017: R3.9 billion). Refer to note 15 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year-end was R114 million (F2017: R89 million). Included in assets reclassified as held for sale in F2017 are hire purchase agreement assets that are pledged as security amounting to R17 million. Leased assets are pledged as security for the related finance lease.

Exploration and evaluation assets

These assets are included in reclassification of asset held for sale Rnil (F2017: R253 million).

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective Company or associated entities by members or their duly authorised agents.

Fully depreciated assets still in use

At year-end there was R184 million (F2017: R188 million) of assets that were fully depreciated but are still in use.

3. PROPERTY, PLANT AND EQUIPMENT continued

	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture, equipment and vehicles Rm	Finance leases Rm	Total Property, plant and equipment Rm
COMPANY							
Cost							
Balance at 30 June 2016	2 978	2 344	202	574	271	69	6 438
Additions	425	124	2	–	2	–	553
Derecognition	(5)	(3)	–	–	–	(7)	(15)
Disposals	–	(4)	–	–	(1)	–	(5)
Reclassifications	(6)	15	–	–	(9)	–	–
Balance at 30 June 2017	**3 392**	**2 476**	**204**	**574**	**263**	**62**	**6 971**
Additions	**259**	**90**	**–**	**–**	**8**	**–**	**357**
Derecognition	**(1)**	**–**	**1**	**–**	**(19)**	**–**	**(19)**
Disposals	**(1)**	**(19)**	**–**	**–**	**(3)**	**–**	**(23)**
Balance at 30 June 2018	**3 649**	**2 547**	**205**	**574**	**249**	**62**	**7 286**
Accumulated amortisation, depreciation and impairment							
Balance at 30 June 2016	1 123	1 024	49	157	120	36	2 509
Charge for the year	126	171	10	15	11	7	340
Derecognition	–	(3)	–	–	(1)	–	(4)
Disposals	–	(3)	–	–	–	(4)	(7)
Impairment (refer note 36)	983	5	–	–	–	–	988
Balance at 30 June 2017	**2 232**	**1 194**	**59**	**172**	**130**	**39**	**3 826**
Charge for the year	**91**	**188**	**10**	**14**	**11**	**7**	**321**
Disposals	**–**	**(17)**	**–**	**–**	**(3)**	**–**	**(20)**
Derecognition	**–**	**(1)**	**–**	**–**	**(18)**	**–**	**(19)**
Balance at 30 June 2018	**2 323**	**1 364**	**69**	**186**	**120**	**46**	**4 108**
Carrying value at 30 June 2017	1 160	1 282	145	402	133	23	3 145
Carrying value at 30 June 2018	**1 326**	**1 183**	**136**	**388**	**129**	**16**	**3 178**

Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2018 (F2017: nil).

Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R245 million (F2017: R118 million).

Pledged assets

The carrying value of assets pledged as security for loans amounts to R4.7 billion (F2017: R3.8 billion). Refer to note 15 for security granted in respect of loans to ARM Coal. The carrying value of plant and machinery held under finance leases at year-end was R18 million (F2017: R23 million).

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective Company or associated entities by members or their duly authorised agents.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group			Company
	Total Rm	Other Rm	RBCT entitlement Rm	RBCT entitlement Rm
4. INTANGIBLE ASSETS				
Cost				
Balance at 30 June 2016	**221**	1	220	220
Additions	**4**	–	4	4
Balance at 30 June 2017	**225**	1	224	224
Additions	**–**	–	–	–
Balance 30 June 2018	**225**	**1**	**224**	**224**
Accumulated amortisation				
Balance at 30 June 2016	**84**	1	83	83
Charge for the year	**11**	–	11	11
Balance at 30 June 2017	**95**	1	94	94
Charge for the year	**10**	–	10	10
Balance at 30 June 2018	**105**	**1**	**104**	**104**
Carrying value at 30 June 2017	**130**	–	130	130
Carrying value at 30 June 2018	**120**	**–**	**120**	**120**

Finite life intangible assets which are amortised comprise of: the RBCT entitlement held by the Goedgevonden joint operation of R120 million (F2017: R130 million).

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units-of-export sales method. The remaining amortisation period of the RBCT entitlement is limited to 17 years (F2017: 18 years).

	Group		Company	
	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
5. LOANS AND LONG-TERM RECEIVABLES				
Long-term receivables	**462**	34	**1 171**	799
Total	**462**	34	**1 171**	799
Long-term receivables held are as follows:				
ARM Platinum (Modikwa)	**17**	17	**–**	–
ARM Coal	**58**	17	**58**	17
Glencore South Africa	**387**	–	**387**	383
Loan to PCB from ARM	**–**	–	**726**	399
	462	34	**1 171**	799

ARM Platinum (Modikwa) is a loan due by the communities (non-controlling interest) around the Modikwa Mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.

The ARM Coal loan includes a loan to RBCT for the construction of the phase V expansion of RBCT (refer note 15).

The Glencore loan represents balances between GOSA and ARM Coal.

6. INVESTMENT IN ASSOCIATE

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the Participative Coal Business of GOSA.				
Opening balance	**1 140**	1 049	**409**	409
Original investment (10.2%)	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**9**	9	**9**	9
Additional investment	**784**	784	**–**	–
Accumulated loss	**(53)**	(144)	**–**	–
Total profit for the current year	**212**	91	**–**	–
Profit for the current year	**127**	91		
Fair value gains on loans (refer note 25)	**85**	–		
Restructuring allocation	**(155)**	–		
Closing balance	**1 197**	1 140	**409**	409
ARM invested directly in 10% of the Participative Coal Business of GOSA on 1 September 2007.				
Opening balance	**332**	242	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
Accumulated loss	**(100)**	(190)	**–**	–
Total profit for the current year	**407**	90	**–**	–
Profit for the current year	**167**	90		
Fair value gains on loans (refer note 25)	**240**	–		
Closing balance	**739**	332	**432**	432
Less: dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 798**	1 334	**841**	841
Total profit for the year	**619**	181		
PCB at 100%				
Sales	**13 695**	12 518		
Statement of financial position				
Non-current assets	**24 205**	29 026		
Current assets	**3 394**	2 639		
Total assets	**27 599**	31 665		
Less:				
Non-current liabilities	**(17 606)**	(24 366)		
Current liabilities	**(1 092)**	(697)		
Net assets	**8 901**	6 602		

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
7. INVESTMENT IN JOINT VENTURE				
The investment relates to ARM Ferrous and consists of Assmang as a joint venture which includes iron ore, manganese and chrome operations.				
Opening balance	**14 860**	14 623	**259**	259
Contribution to basic earnings for the period	**3 510**	3 265	**–**	–
Profit after tax for the period	**3 537**	3 279	**–**	–
Consolidation adjustment	**(27)**	(14)	**–**	–
Foreign currency translation reserve	**134**	(224)	**–**	–
Less: – cash dividend received for the period	**(3 000)**	(2 488)		
– in specie dividend received for the period (refer note 35)	**–**	(316)	**–**	–
Closing balance	**15 504**	14 860	**259**	259
Refer to note 2.1 and 2.3 for more detail on the ARM Ferrous segment.				
8. OTHER INVESTMENTS				
Listed investment*				
Harmony				
Opening balance	**1 380**	3 339	**1 380**	3 339
Available-for-sale reserve in other comprehensive income	**(29)**	(1 959)	**(29)**	(1 959)
	1 351	1 380	**1 351**	1 380
Preference shares	**1**	1		
Total – listed investment classified as available-for-sale	**1 352**	1 381	**1 351**	1 380
Market value of listed investment	**1 352**	1 381	**1 351**	1 380
Other investments				
Guardrisk	**33**	24	**33**	24
RBCT	**176**	168	**176**	168
Loans (refer page 109)**			**1 026**	917
Subsidiaries companies unlisted				
Cost of investments in subsidiaries (refer page 107)	**–**	–	**1 565**	1 671
Loans owing by subsidiaries (refer page 107**)	**–**	–	**1 622**	1 696
Total subsidiaries	**–**	–	**3 187**	3 367
Joint operations				
Loans Vale/ARM joint venture				2 388
Provision for loan impairment				(2 314)
Impairment reversal				179
Sub total				253
Impairment reversal – Teal Minerals (Barbados)				12
Total				265
Transferred to asset held for sale (refer note 12)				(265)
Net				–
Total unlisted investments	**209**	192	**4 422**	4 476
Total carrying amount investments	**1 561**	1 573	**5 773**	5 856

* *Harmony Gold 63 632 922 shares at R21.22 per share at 30 June 2018 (30 June 2017: R21.68 (per share).*

** *These loans are interest-free with no fixed terms of repayment except for:*

(i) the loan to Venture Building Trust of R17 million (F2017: R20 million) bears interest at 2% below the prime bank overdraft rate, which is currently 10% (F2017: 10.5 %) pa.,

(ii) ARM BBEE Trust of R1 026 million (F2017: R917 million) which currently bears interest at LIBOR plus 4.25% (F2017 LIBOR plus 4.25%)

8. OTHER INVESTMENTS continued

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

The market value of the listed investment is determined by reference to the market share price at 30 June 2018 and 30 June 2017.

ARM Treasury Investments Proprietary Limited holds R1 million (F2017: R1 million) listed preference shares.

Certain listed shares have been pledged as security for the ARM corporate loan which at 30 June 2018 was nil (F2017: nil) (refer note 15). The book value of the pledged shares amounts to R934 million (F2017: R954 million)

A report on investments appears on pages 107 to 109.

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
9. INVENTORIES				
Consumable stores	**307**	445	**191**	176
Finished goods	**134**	154	**93**	115
Ore stockpiles	**99**	133	**5**	6
Work-in-progress	**51**	61	**51**	61
Asset held for sale (refer note 12)		(130)		
	591	663	**340**	358

Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.

Value of inventories carried at net realisable value is nil (F2017: nil).

Inventories to the value of R84 million (F2017: R83 million) have been pledged as security for loans in ARM Coal (refer note 15).

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
10. TRADE AND OTHER RECEIVABLES				
Other receivables	**314**	332	**144**	154
Related parties (refer note 43)	**1 890**	1 645	**134**	174
Trade receivables	**153**	198	**147**	125
Asset held for sale (refer note 12)		(79)		
	2 357	2 096	**425**	453
Trade and other receivables are non-interest-bearing and are generally on 30 – 90 day payment terms.				
The carrying amount of trade and other receivables approximate their fair value.				
Payment terms which vary from the norm are:				
– PGM 's which are paid approximately four months after delivery.				
– 20% of nickel delivered which is paid approximately five months after delivery.				
Debtors analysis				
Outstanding on normal cycle terms	**2 354**	2 093	**423**	450
Outstanding longer than 30 days outside normal cycle	**–**	1	**–**	1
Outstanding longer than 60 days outside normal cycle	**–**	2	**–**	2
Outstanding longer than 90 days outside normal cycle	**1**	–	**–**	–
Outstanding longer than +120 days outside normal cycle*	**2**	–	**2**	–
Less: provisions for impairments	**–**	–	**–**	–
Total	**2 357**	2 096	**425**	453

* *No provision has been raised in F2018 on debtors outstanding longer than 120 days (F2017: nil) as the balance is considered recoverable. Total provision at year end amounted to nil (F2017: nil).*

11. CASH AND CASH EQUIVALENTS

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
Cash at bank and on deposit	**2 160**	392	**1 736**	234
Restricted cash:				
– Rehabilitation trust funds (refer note 22)	**178**	166	**141**	131
– Other	**953**	933	**55**	51
Less: asset held for sale (refer note 12)		(3)		
Cash and cash equivalents per statements of financial position	**3 291**	1 488	**1 932**	416
Less: overdrafts (refer note 20)	**(381)**	(292)	**(45)**	(31)
Less: overdraft relating to asset held for sale (refer note 12)		(168)		
Add: asset held for sale – cash (refer note 12)		3		
Cash and cash equivalents per statements of cash flows	**2 910**	1 031	**1 887**	385
The cash is held as follows per statements of financial position:				
– African Rainbow Minerals Limited	**1 634**	233	**1 634**	233
– ARM BBEE Trust	**1**	2	**–**	–
– ARM Finance Company SA	**228**	7	**–**	–
– ARM Platinum Proprietary Limited	**123**	82	**–**	–
– ARM Treasury Investments Proprietary Limited	**39**	36	**–**	–
– Mannequin Captive Cell (Cell AVL 18) (restricted)*	**819**	745	**–**	–
– Nkomati	**88**	–	**88**	–
– Two Rivers Platinum Proprietary Limited	**14**	10	**–**	–
– TEAL Minerals Barbados Incorporated**	**22**	1	**–**	–
– TEAL Exploration and Mining Barbados Incorporated**	**8**	13	**14**	–
– TEAL Exploration and Mining Incorporated**	**1**	1	**–**	–
– Venture Building Trust Proprietary Limited	**2**	4	**–**	–
– Other restricted cash***	**312**	354	**196**	183
	3 291	1 488	**1 932**	416

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* *Part of these funds may be used to settle any potential claims successfully made and agreed to in respect of Silicosis and Tuberculosis class action provision as detailed in note 17.*

** *Entities remaining after the sale of the Vale/ARM discontinued operation.*

*** *Restricted cash in respect of group and company includes:*

Group
- *The ARM Trust of R24 million (F2017: R20 million).*
- *Guarantees issued by ARM Coal to DMR amounting to R70 million (F2017: R63 million).*
- *Guarantees issued by Tamboti to DMR amounting to Rnil million (F2017: R2 million).*
- *Guarantees issued by Two Rivers to DMR, Eskom and BP oil amounting to R25 million (F2017: R89 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R76 million (F2017: R73 million).*
- *Guarantees issued by Modikwa to DMR and Eskom amounting to R90 million (F2017: R81 million).*

Company
- *The ARM Trust of R24 million (F2017: R20 million).*
- *Guarantees issued by ARM Coal to DMR amounting to R70 million (F2017: R63 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R76 million (F2017: R73 million).*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
12. ASSETS HELD FOR SALE				
12.1 A sale agreement was entered into to sell the Lubambe operation in Zambia. The effective date for classification as asset held for sale was 9 June 2017. See 12.3 below.				
The assets, liabilities and certain other reserves at 30 June 2017 to be disposed of are as follows:				
Property, plant and equipment (refer note 3)		1 392		
Long-term loans (refer note 8)		–		265
Trade and other receivables (refer note 10)		79		
Inventories (refer note 9)		130		
Cash and cash equivalents (refer note 11)		3		
Assets held for sale		1 604		265
Other reserves		730		
Long-term borrowings (refer note 15)		656		
Long-term provisions (refer note 17)		85		
Trade and other payables (refer note 18)		215		
Short-term provisions (refer note 19)		33		
Overdrafts and short-term borrowings – interest bearing (refer note 11 and 20)		183		
Liabilities directly associated with assets held for sale		1 172		
Cash outflow from operating activities	**(76)**	(155)		
Cash inflow/(outflow) from investing activities	**141**	(32)		
Cash outflow from financing activities	**(7)**	(4)		
The statement of profit or loss effect is as follows:				
Sales	**340**	600		
Cost of sales	**(282)**	(601)		
Other operating income	**4**	4		
Other operating expenses	**(70)**	(238)		
Segment result	**(8)**	(235)		
Finance cost	**(12)**	(19)		
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	**(20)**	(56)		
Special items before tax[1]	**(117)**	180		
Taxation	**(62)**	–		
Loss after tax	**(219)**	(130)		
Non-controlling interest	**34**	71		
Contribution to basic earnings	**(185)**	(59)		
Contribution to headline earnings	**(6)**	(203)		
Basic loss from discontinued operation per share (cents)	**(97)**	(31)		
Diluted basic loss from discontinued operation per share (cents)	**(94)**	(30)		

1 An impairment reversal of nil was recorded by determining the recoverable amount using the fair value less cost to sell. (F2017: R180 million).

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
12. ASSETS HELD FOR SALE continued				
12.2 Nkomati				
The underground operations at Nkomati were impaired following the decision to cease operations in this area (refer note 3 and 29). This resulted in certain assets being reflected as held for sale.	**–**	1	**–**	1
Total asset held for sale	**–**	1 605	**–**	266
12.3 Sale of Lubambe copper mine in Zambia and related loans				
The Lubambe copper mine sale was completed on 22 December 2017. The transaction is reflected in the results as follows:				
Cash proceeds from sale	**741**		341	
Less: Overdraft facility paid – Stanbic	**(164)**			
Witholding and property transfer tax	**(91)**			
Foreign exchange on sale proceeds	**6**			
Net proceeds from sale for Lubambe	**492**		341	
Net asset value at date of sale (before NCI and FCTR)	**437**			
Carrying value of loans			399	
Profit/(loss) on sale of Lubambe and related loans	**55**		(58)	
Foreign currency translation reserve (FCTR)	**650**			
Non-controlling interest (NCI)	**(822)**			
Loss on sale before tax (refer note 29)	**(117)**		(58)	
Taxation (refer note 29)	**(62)**		(62)	
Net loss on sale of Lubambe and related loans	**(179)**		(120)	
13. ORDINARY SHARE CAPITAL				
Authorised				
500 000 000 (F2017: 500 000 000)	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**11**	11	**11**	11
1 006 670 (F2017: 650 598) additional shares issued*	**–**	–	**–**	–
219 709 127 (F2017: 218 702 457); (F2016: 218 021 859)	**11**	11	**11**	11
Share premium	**4 398**	4 279	**4 398**	4 279
– Balance at beginning of the year	**4 279**	4 217	**4 279**	4 217
– Premium on bonus and performance shares issued to employees	**119**	62	**119**	62
Total issued share capital and share premium	**4 409**	4 290	**4 409**	4 290

* *The movement in issued shares was less than R1 million.*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
14. TREASURY SHARES				
The restructuring of the ARM BBEE Trust resulted in ARM effectively controlling 28 614 740 ARM shares (refer note 31).				
The carrying value of these treasury shares are as follows:				
– 12 717 328 shares at R51.19 bought from the ARM BBEE Trust by Opilac Proprietary Limited	**651**	651		
– 15 897 412 shares at R110.31 held in the ARM BBEE Trust	**1 754**	1 754		
	2 405	2 405	**–**	–
15. LONG-TERM BORROWINGS				
Secured				
Two Rivers – mine housing project – loan facility	**–**	8	**–**	–
This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment was paid on 30 September 2017. The interest rate was linked to JIBAR (F2017: 7.34%).				
The loan was secured by a mortgage bond over the property and a cession of insurances.				
ARM Corporate – loan facility	**–**	–	**–**	–
This loan facility was for an amount of R2 250 million and was available until August 2018. The interest rate had a JIBAR base with an additional margin between 3.35% and 3.65% depending on utilisation of facility. At 30 June 2018 and 30 June 2017 this facility was unutilised. The interest rate was 10.08% at 30 June 2018 (F2017: 10.75%). This loan has been secured by a pledge of shares (refer note 8).				
A new ARM Corporate Revolving Credit Facility for an amount of R2 250 million was entered into during September 2018. This facility is available until September 2021. The interest rate has a JIBAR base with an additional margin between 2.20% and 2.45%.				
ARM Finance Company SA – loan facility	**–**	78	**–**	–
This loan facility was for US $80 million for funding towards the development of the Lubambe Copper Mine. The interest rate was LIBOR plus 3.65% with repayments commencing from December 2014 in quarterly instalments with a final repayment in September 2017. This loan was fully paid in September 2017 (F2017: US$6 million). ARM Company guaranteed this loan.				
As at 30 June 2018 the interest rate was nil as the loan was settled (F2017: 4.95%).				
ARM BBEE Trust – loan facility – Harmony Gold	**258**	229	**–**	–
This is a loan of R200 million from Harmony Gold with an interest rate of JIBAR plus 4.25% and is repayable before 31 December 2022.				
The interest rate at 30 June 2018 was 10.98% (F2017: 11.59%).				

15. LONG-TERM BORROWINGS continued

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
ARM BBEE Trust – loan facility – Nedbank	**212**	299	**–**	–
This is a loan of R301 million from Nedbank with an interest rate of JIBAR plus 4.07% and is repayable before 31 December 2019.				
The interest rate at 30 June 2018 was 10.8% (F2017: 11.41%).				
Vale/ARM joint operation – hire purchase*	**–**	15	**–**	–
Hire purchase over property, plant and equipment with a book value of Rnil (F2017: R17 million) bore interest of nil (F2017: 7% to 8%) and was payable in varying monthly and quarterly instalments over a maximum period of 36 months which commenced in September 2013 and a final payment due in August 2018. This was transferred to asset held for sale in F2017 and subsequently sold (refer note 12).				
Vale/ARM joint operation – loan facility (partner loan)	**–**	656	**–**	–
This loan was from ZCCM – IH and related to their 20% contribution to the funding of Lubambe Copper Mine. The loan formed part of the inter-company loan agreements which each of the shareholders had with Lubambe Copper Mine. The funding bore interest at a six-month LIBOR rate plus 5%.				
The LIBOR rates for the period under review varied between 0.65% to 1.32% (F2017: 0.65% to 1.32%). As at 30 June 2018 the interest rate was nil (F2017: 6.32%). The loan was repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 30 December 2016, with final settlement on 30 September 2019. This was transferred to asset held for sale in F2017 and subsequently sold (refer note 12).				
Nkomati – leases	**13**	20	**13**	20
Finance leases over ESKOM sub station and over land lines constructed on Nkomati property with a book value of R18 million (F2017: R23 million) bear interest at prime plus 2% (F2017: prime plus 2%) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in April 2015 and a final payment due in March 2020 (refer note 39). As at 30 June 2018 the interest rate was 12% (F2017: 12.5%).				
Two Rivers – leases	**87**	57	**–**	–
Finance leases over property, plant and equipment with a book value of R96 million (F2017: R64 million) bear interest at prime less 1.5%. As at 30 June 2018 the interest rate was 8.5% (F2017: 9%). Instalments are payable in varying monthly instalments over a maximum period of 60 months (refer note 39).				
ARM Coal – partner loan – loan facility				
The following loans are with GOSA and relate to the acquisition and development of the GGV Thermal Coal Mine.				

* *F2017 R15 million liability held for sale included in the R309 million (refer note 12).*

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
15. LONG-TERM BORROWINGS continued				
ARM Coal – partner loan – loan facility ARM, ARM Coal, Glencore and GOSA successfully concluded the restructuring of ARM Coal debt on 25 June 2018, with an effective date of 1 July 2017.				
All operating cash generated by GGV, and the PCB operations, attributable to ARM and ARM Coal, shall be applied in repayment of the debt until the earlier of 31 December 2029 or full repayment of these loans.				
GOSA's obligation (acting through the PCB) to repay ARM the amount of R700 million under the PCB shareholders loan from ARM was set off against ARM's obligation to pay GOSA (acting through the non-PCB) the amount of R700 million under the PCB revolving credit facility such that both loans have been fully settled and discharged. This resulted in the PCB being indebted to the non-PCB in an amount of R700 million, which debt will rank pari passu to the remaining shareholder loan from ARM Coal to PCB.				
All distributions to be received by ARM Coal in respect of the PCB shareholders loan, shall be utilised by ARM Coal in the settlement of its shareholder loans from GOSA and ARM. The payments to be received by GOSA and ARM, shall immediately be advanced back to ARM Coal through a shareholder's loan, on a 0% interest rate basis, and ARM Coal will utilise these funds to service the GGV debt.				
The old loans were derecognised and the following new loans were recognised at fair value based on the cash flows on the terms of the loans discounted at a rate of 10% which is considered a level 3 valuation.				
ARM Coal – GGV acquisition loan (partner loan) This loan is repayable by 31 December 2029 and bears contractual interest at 0%, with notional interest at an effective interest rate of 10%.	**421**	290	**421**	290
Prior to 1 July 2017, the loan was interest bearing at prime interest rate, with a loan maturity date of June 2026.				
ARM Coal – GGV project facility phase 1 loan (partner loan) This loan is repayable by 31 December 2029 and bears contractual interest at 0%, with notional interest at an effective interest rate of 10%.	**602**	987	**602**	987
Prior to 1 July 2017, the loan was interest bearing at prime interest rate, with a loan maturity date of August 2024.				
ARM Coal – GGV project facility phase 2 loan (partner loan) This loan is repayable by 31 December 2029 and bears contractual interest at 0%, with notional interest at an effective interest rate of 10%.	**208**	251	**208**	251

15. LONG-TERM BORROWINGS continued

	Group		Company	
	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
Prior to 1 July 2017, the loan was interest bearing at prime interest rate, with a loan maturity date of June 2024.				
These are secured by:				
○ a cession in favour of GOSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint operation;				
○ a cession in favour of GOSA creating a first ranking security interest over all the preference shares in GOSA held by ARM Coal;				
○ a cession in favour of GOSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account;				
○ mortgage bonds to be registered by ARM Coal in favour of GOSA over all immovable property of ARM Coal; and				
○ notarial bonds to be registered by ARM Coal in favour of GOSA over all movable assets owned by ARM Coal (refer note 9).				
ARM Coal – RBCT phase V (partner loan)	**–**	77	**–**	77
This loan was interest bearing at 0.5 % above prime interest rate, with a loan maturity date of October 2020.				
This loan was repaid during F2018.				
Prime at 30 June 2017 was 10.5%.				
	1 801	2 967	**1 244**	1 625
Less: repayable within one year included in short-term borrowings (refer note 20)*	**(57)**	(309)	**(7)**	(179)
Total long-term borrowings	**1 744**	2 658	**1 237**	1 446
Long-term borrowings directly associated with the asset held for sale (refer note 12)	**–**	(656)	**–**	–
Total borrowings	**1 744**	2 002	**1 237**	1 446

* *F2017 R15 million liability held for sale included in the R309 million (refer note 12).*

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
Held as follows:				
– ARM BBEE Trust – Harmony	**258**	229	**–**	–
– ARM BBEE Trust – Nedbank Limited	**212**	299	**–**	–
– ARM Coal Proprietary Limited – GGV acquisition loan (partner loan)	**421**	118	**421**	118
– ARM Coal Proprietary Limited – GGV project facility phase 1 (partner loan)	**602**	987	**602**	987
– ARM Coal Proprietary Limited – GGV project facility phase 2 (partner loan)	**208**	251	**208**	251
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	**–**	77	**–**	77
– Nkomati	**6**	13	**6**	13
– Two Rivers Platinum Proprietary Limited	**37**	28	**–**	–
	1 744	2 002	**1 237**	1 446

The carrying amount of the long-term borrowings approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS continued
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Group	Total borrowings F2018 Rm	Discounted cash flows F2019 Rm	Repayments schedule – undiscounted cash flows F2019 Rm	F2020 Rm	F2021 Rm	F2022 Rm	F2023 – onwards Rm	Total Rm
15. LONG-TERM BORROWINGS continued								
Secured loans								
ARM BBEE Trust – loan facility – Harmony Gold	**258**	–	–	–	–	–	413	413
ARM BBEE Trust – loan facility – Nedbank	**212**	–	–	248	–	–	–	248
ARM Coal – GGV acquisition loan (partner loan)	**421**	–	–	–	–	–	489	489
ARM Coal – GGV project facility phase 1 loan (partner loan)	**602**	–	–	–	–	–	976	976
ARM Coal – GGV project facility phase 2 loan (partner loan)	**208**	–	–	–	–	–	251	251
Nkomati – leases	**13**	7	7	8	–	–	–	15
Two Rivers – leases	**87**	50	52	31	13	–	–	96
Total borrowings at 30 June 2018	**1 801**	57	59	287	13	–	2 129	2 488

Undiscounted cash flows	F2018 Rm	F2019 Rm	F2020 Rm	F2021 Rm	F2022 – onwards Rm	Total Rm
Total borrowings at 30 June 2017	**338**	562	32	230	2 252	3 414

15. LONG-TERM BORROWINGS
continued

Company	Total borrowings F2018 Rm	Discounted cash flows F2019 Rm	Repayments schedule – undiscounted cash flows F2019 Rm	F2020 Rm	F2021 Rm	F2022 Rm	F2023 – onwards Rm	Total Rm
Secured Loans								
ARM Coal – GGV acquisition loan (partner loan)	**421**	–	–	–	–	–	489	489
ARM Coal – GGV project facility phase 1 loan (partner loan)	**602**	–	–	–	–	–	976	976
ARM Coal – GGV project facility phase 2 loan (partner loan)	**208**	–	–	–	–	–	251	251
Nkomati – leases	**13**	7	7	8	–	–	–	15
Total borrowings at 30 June 2018	**1 244**	7	7	8	–	–	1 716	1 731

Undiscounted cash flows	F2018 Rm	F2019 Rm	F2020 Rm	F2021 Rm	F2022 – onwards Rm	Total Rm
Total borrowings at 30 June 2017	**207**	164	29	230	1 856	2 486

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
16. DEFERRED TAXATION				
Deferred tax assets				
Deferred capital loss tax movements on listed investment – recognised in other comprehensive income	**597**	590	**597**	590
Assessed loss in Modikwa mine	**23**	66	**–**	–
Deferred tax assets	**620**	656	**597**	590
Deferred tax liabilities				
Property, plant and equipment	**1 378**	1 294	**651**	596
Intangible assets	**33**	36	**33**	36
Inventories	**88**	30	**–**	–
Deferred capital gains tax movements on listed investment – ARM BBEE Trust	**465**	424	**–**	–
Unrealised related party foreign currency translation movement	**–**	131	**–**	131
Deferred tax liabilities	**1 964**	1 915	**684**	763
Loan impairment	**–**	(274)	**–**	(274)
Provisions	**(307)**	(323)	**(134)**	(140)
Post-retirement healthcare provisions	**(23)**	(21)	**(23)**	(21)
Deferred tax assets	**(330)**	(618)	**(157)**	(435)
Net deferred tax liabilities	**1 634**	1 297	**527**	328
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**1 297**	2 014	**328**	710
Opening deferred tax assets	**(656)**	(151)	**(590)**	(151)
Net deferred tax liabilities opening balance	**641**	1 863	**(262)**	559
Temporary differences from:	**373**	(1 222)	**192**	(821)
Loan impairment	**274**	11	**274**	11
Inventories	**58**	(23)	**–**	–
Intangible assets	**(3)**	(2)	**(3)**	(2)
Property, plant and equipment	**84**	(569)	**55**	(286)
Provisions	**57**	(124)	**4**	(29)
Rate adjustment on BBEE Trust	**41**	–	**–**	–
Revaluation of investment – directly in other comprehensive income	**(7)**	(439)	**(7)**	(439)
Unrealised related party foreign currency translation movement	**(131)**	(76)	**(131)**	(76)
Total deferred tax	**1 014**	641	**(70)**	(262)
Deferred tax liabilities	**1 634**	1 297	**527**	328
Deferred tax assets	**(620)**	(656)	**(597)**	(590)

Deferred tax liability balances are shown net of deferred tax assets where a legal right of offset exists at settlement.

Deferred tax assets are raised only when they can be utilised against future taxable profits after taking possible future uncertainties into account. Future taxable profits are estimated based on approved business plans which include various estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

17. LONG-TERM PROVISIONS

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**273**	291	**202**	186
Asset held for sale (refer note 12)		(45)		
Provision for the year	**(54)**	14	**(39)**	10
Unwinding discount rate	**18**	13	**12**	6
Balance at end of year	**237**	273	**175**	202
Provision for restoration				
Balance at beginning of year	**116**	134	**90**	74
Asset held for sale (refer note 12)		(36)		
Provision for the year	**(2)**	9	**3**	10
Unwinding of discount rate	**11**	9	**10**	6
Balance at end of year	**125**	116	**103**	90
Total environmental rehabilitation obligation	**362**	389	**278**	292
The present value of current rehabilitation liabilities is based on discount rates taking into consideration zero coupon swop curve of between 7.14% to 8.49% (F2017: between 7.5% and 11%), inflation rates of approximately 5% and 6% (F2017: approximately 6% and 8.5%) and life of mines of between 3 and 25 years (F2017: 3 and 25 years). The South African Reserve Bank long-term inflation target of between 3% and 6% (F2017: 3% and 6%). The US Dollar denominated entity discount rate up to date of sale was 3.25% (F2017: 3.25%) and inflation of 2% (F2017: 2%) was used. For F2017 it is a liability held for sale. Refer to note 22 for amounts held in trust funds.				
These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines.				
These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.				
Post-retirement healthcare benefits				
Balance at beginning of year	**74**	75	**74**	75
Actuarial loss	**9**	–	**9**	–
Benefits paid	**(8)**	(6)	**(8)**	(6)
Interest cost	**7**	5	**7**	5
Balance at end of year (refer note 41)	**82**	74	**82**	74
Silicosis and tuberculosis class action provision*				
Opening balance	**330**	–	**330**	–
Provision for the year	**–**	330	**–**	330
Settlement term changes	**(21)**	–	**(21)**	–
Unwinding of discount rate	**13**	–	**13**	–
Demographic assumptions changes	**(5)**	–	**(5)**	–
Administration costs	**6**	–	**6**	–
Special purpose vehicle trust costs	**7**	–	**7**	–
Balance at end of year	**330**	330	**330**	330

* *In November 2014, a gold mining industry working group was formed to address issues relating to the compensation and medical care for occupational lung diseases in the gold mining industry in South Africa. The working group comprises ARM, Harmony Gold Mining Company Limited, Anglo American South Africa Limited, AngloGold Ashanti Limited, Gold Fields Limited and Sibanye Gold Limited (collectively "the Working Group").*

The Working Group engaged different stakeholders including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These engagements have sought a comprehensive solution to address legacy compensation issues and future legal frameworks that are fair to past and current employees and enable companies to continue to be sustainable over the long term.

As a consequence of the progress of negotiations between the Working Group and affected stakeholders, and the subsequent settlement offer arrangement reached with the claimants' legal representative, ARM has recognised a net present value provision of R330 million at 30 June 2018 (F2017: R330 million). The subsequent settlement offer reached is conditional on the process of ratification by the high court. The Working Group continues to defend the legal proceedings. ARM does not believe that it is liable in respect of the claims brought. The negotiations with the claimants' lawyers are confidential and the Working Group companies are accordingly not able to provide any details of the negotiations.

This provision is based on an actuarial valuation which has been discounted by 8.5%.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
17. LONG-TERM PROVISIONS continued				
Other long-term provisions**				
Balance at beginning of year	**373**	165	**–**	–
Asset held for sale (refer note 12)		(4)		
Change in estimate of variable purchase price for mine properties	**(43)**	241	**–**	–
Payments made during the year	**–**	(78)	**–**	–
Provision for the year	**–**	(16)	**–**	–
Unwinding of discount rate	**31**	–	**–**	–
Variable purchase price iro Dwarsrivier reversed	**–**	66	**–**	–
Transfer to short-term provisions (refer note 19)	**–**	(1)	**–**	–
Balance at end of year	**361**	373	**–**	–
Total long-term provisions at end of year	**1 135**	1 166	**690**	696
** *Other long-term provisions include:* *(i) long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees and* *(ii) variable consideration payable by Two Rivers to Dwarsrivier due to Dwarsrivier's inability to mine the chrome ore as a result of Two Rivers having a tailings dam on part of the mining area of Dwarsrivier.*				
18. TRADE AND OTHER PAYABLES				
Trade payables	**472**	464	**257**	234
Related parties (refer note 43)	**2**	2	**2**	2
Other*	**932**	1 056	**67**	60
Asset held for sale (refer note 12)		(215)		
Total trade and other payables	**1 406**	1 307	**326**	296
* *Included in insurance captive cell is R728 million (F2017: R671 million).*				
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
19. SHORT-TERM PROVISIONS				
Bonus provision				
Balance at beginning of year	**279**	238	**160**	90
Asset held for sale (refer note 12)		(24)		
Provision for the year	**425**	293	**153**	163
Payments made during the year	**(452)**	(228)	**(158)**	(93)
Transfer from long-term provision (refer note 17)	**–**	1	**–**	–
Foreign currency translation movements	**–**	(1)	**–**	–
Balance at end of year	**252**	279	**155**	160
Leave pay provision				
Balance at beginning of year	**114**	116	**47**	42
Asset held for sale (refer note 12)	**–**	(9)		
Provision for the year	**24**	20	**8**	12
Payments made during the year and leave taken	**(16)**	(12)	**(10)**	(7)
Foreign currency translation movements	**–**	(1)	**–**	–
Balance at end of year	**122**	114	**45**	47
Other provisions				
Balance at beginning of year	**–**	–	**2**	2
Balance at end of year	**–**	–	**2**	2
Total short-term provisions	**374**	393	**202**	209

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on total pensionable salary packages multiplied by the leave days due at year end.

20. OVERDRAFTS AND SHORT-TERM BORROWINGS

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Current portion of long-term borrowings (refer note 15)	**57**	309	**7**	179
Loans from subsidiaries – non-interest-bearing (refer page 107)	**–**	–	**254**	254
Overdrafts (refer note 11)	**381**	292	**45**	31
Short-term borrowings	**114**	171	**–**	57
Liability held for sale – included in R309 million above in F2017		(15)		
	552	757	**306**	521
Overdrafts and short-term borrowings are held as follows:				
– Anglo American Platinum Limited (partner loan – refer note 43)	**114**	114	**–**	–
– ARM Coal Proprietary Limited (partner loan – refer note 43)	**–**	172	**–**	172
– ARM Finance Company SA	**–**	78	**–**	–
– Nkomati	**28**	75	**28**	75
– Two Rivers Platinum Proprietary Limited	**386**	298	**–**	–
– Other	**24**	20	**24**	20
– Loans from subsidiaries			**254**	254
	552	757	**306**	521
Overdrafts are held as follows:				
– Nkomati	**21**	11	**21**	11
– Two Rivers Platinum Proprietary Limited	**336**	261	**–**	–
– Other	**24**	20	**24**	20
	381	292	**45**	31
Unutilised short-term borrowing and overdraft facilities:				
– African Rainbow Minerals Limited	**500**	500	**500**	500
– ARM Mining Consortium Limited	**100**	100		
– Nkomati	**39**	37	**39**	37
– Two Rivers Platinum Proprietary Limited	**164**	239		
	803	876	**539**	537

All of the above overdraft facilities are reviewed annually.

Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates. Loans from dormant subsidiaries are interest free and are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
21. JOINT OPERATIONS				
The share of the following joint operations has been incorporated into the Group results:				
– 50% share in the Nkomati Mine;				
– 51% share in ARM Coal Proprietary Limited (consolidated);				
– 50% share in Modikwa joint operation which is held as an 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary;				
The company results include the share of the following joint operations:				
– 50% share in the Nkomati Mine;				
– 51% share in ARM Coal Proprietary Limited;				
– 34% share in Teal Minerals (Barbados) Incorporated joint operation				
The share of joint operations in the financial statements are:				
Statement of profit or loss				
Sales	**4 463**	4 163	**2 667**	2 907
Cost of sales	**(4 028)**	(4 064)	**(2 397)**	(2 706)
Other operating income	**934**	98	**903**	82
Other operating expenses	**(139)**	(112)	**(95)**	(84)
Income from investments	**33**	15	**17**	6
Finance costs	**(189)**	(236)	**(186)**	(229)
Profit from associate	**619**	181	**–**	–
Special items	**(42)**	(2 243)	**(2)**	(988)
Profit/(loss) before tax	**1 651**	(2 198)	**907**	(1 012)
Taxation	**(93)**	689	**(47)**	294
Profit/(loss) for the year after taxation	**1 558**	(1 509)	**860**	(718)
Non-controlling interest	**(14)**	171	**–**	–
Attributable to equity holders of ARM	**1 544**	(1 338)	**860**	(718)
Statement of financial position				
Non-current assets	**5 400**	5 944	**3 956**	4 458
Current assets	**1 769**	1 525	**892**	831
Non-current liabilities (interest-bearing)	**850**	1 446	**850**	1 446
Non-current liabilities (non-interest-bearing)	**879**	850	**844**	812
Current liabilities (non-interest-bearing)	**627**	560	**313**	288
Current liabilities (interest-bearing)	**28**	246	**28**	247
Statement of cash flows				
Net cash inflow from operating activities	**741**	406	**580**	505
Net cash outflow from investing activities	**(535)**	(668)	**(399)**	(541)
Net cash (outflow)/inflows from financing activities	**(180)**	2	**(180)**	2

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
22. ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Balance at beginning of year	**166**	157	**131**	126
Interest earned (refer note 27)	**12**	9	**10**	5
Total (included in cash and cash equivalents) (refer note 11)	**178**	166	**141**	131
Total environmental rehabilitation obligations (refer note 17)	**362**	389	**278**	292
Less: amounts in trust funds (see above)	**(178)**	(166)	**(141)**	(131)
Unfunded portion of liability	**184**	223	**137**	161
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R161 million (F2017: R134 million) (refer note 38).				
23. SALES				
Sales – mining and related products	**8 346**	8 158	**2 667**	2 907
Made up as follows:				
Local sales	**6 416**	5 720	**397**	468
Export sales	**1 930**	2 438	**2 270**	2 439
	8 346	8 158	**2 667**	2 907
Revenue	**9 603**	9 619	**7 364**	6 953
Revenue – Continuing operations	**9 263**	9 019	**7 364**	6 953
Revenue – Discontinued operations (refer note 12)	**340**	600	**–**	–
Revenue	**9 603**	9 619	**7 364**	6 953
Sales – mining and related products continuing operations	**8 346**	8 158	**2 667**	2 907
Sales – mining and related products discontinued operations (refer note 12)	**340**	600	**–**	–
Dividends received (refer note 27)	**22**	64	**3 701**	3 184
Fees received (refer note 25)	**630**	519	**633**	528
Interest received (refer note 27)	**155**	174	**363**	334
Insurance income received (refer note 25)	**72**	79	**–**	–
Property rental income	**16**	16	**–**	–
Royalty received	**22**	9	**–**	–

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
24. COST OF SALES				
Amortisation and depreciation	**738**	699	**328**	347
Consultants, contractors and other	**216**	223	**12**	16
Electricity	**455**	437	**159**	150
Provisions – long-term	**(2)**	(18)	**–**	–
– short-term	**297**	131	**8**	24
Raw materials, consumables used and change in inventories	**2 323**	2 636	**1 160**	1 452
Railage and road transportation	**241**	258	**201**	183
Staff costs	**2 004**	1 993	**308**	283
– salaries and wages	**1 768**	1 781	**294**	271
– pension – defined contribution	**153**	139	**14**	12
– medical aid	**83**	73	**–**	–
Other costs	**628**	592	**221**	251
	6 900	6 951	**2 397**	2 706
25. OTHER OPERATING INCOME				
Commission received	**2**	5	**2**	5
Fees received	**630**	519	**633**	528
Fair value gain on loans*	**652**	–	**652**	–
Insurance income received	**72**	79	**–**	–
Realised foreign exchange gains	**10**	–	**10**	–
Royalties received	**22**	9	**–**	–
Unrealised foreign exchange gains	**66**	44	**5**	44
Other	**73**	101	**41**	74
	1 527	757	**1 343**	651

*ARM Coal loan restructuring

Included in other operating income and profit from associate are fair value gains attributable to ARM of R652 million (tax: nil) and R325 million (tax: nil) respectively relating to the recognition of the GGV and PCB loans following the successful conclusion of the restructuring of debt between ARM and Glencore Operations South Africa Proprietary Limited (GOSA) and ARM Coal Proprietary Limited.

The fair value gain is as a result of changes in the future repayment cash flows applied to the net present value calculations.

The changes emanate mainly from the timing applicable to cash flows as a result of the extension of the loan repayment period under the new loan terms. The fair value gain is calculated in accordance with IAS 39: Financial Instruments – Recognition and Measurement, which states that a modified debt is considered substantially different if the net present value of the cash flows under the new loan terms discounted at the original interest rate, differs by more than 10% from the discounted present value of the remaining cash flows of the original debt instrument. Where a financial liability is considered substantially different, the existing loan is derecognised and the new loan is recognised, the net effect of the modification is recognised immediately in the Statement of profit or loss.

The assumed discount rate used in the calculation of the fair value was 10%.

The effects are as follows:

	Group F2018 Rm	Company F2018 Rm
Other operating income increase (fair value gain on loans) – ARM coal segment	**885**	**885**
ARM Corporate (fair value loss)	**(233)**	**(233)**
Fair value gain in operating income*	**652**	**652**
Income from associate (fair value gain on loans) – refer note 6	**325**	**–**
Group fair value gain	**977**	**652**

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
26. OTHER OPERATING EXPENSES				
External audit remuneration – audit fees	**19**	14	**13**	9
– other services	**1**	1	**1**	–
Consulting fees	**40**	46	**40**	46
Depreciation	**3**	5	**3**	5
Exploration*	**23**	28	**23**	28
Insurance	**74**	71	**14**	12
Mineral royalty tax	**131**	159	**12**	11
Provisions – long-term	**11**	340	**11**	340
– short-term	**153**	151	**153**	151
Realised foreign exchange loss	**103**	16	**103**	16
Rent paid	**5**	4	**9**	11
Secretarial and financial services	**4**	3	**4**	3
Share-based payments expensed	**209**	201	**209**	201
Staff cost	**242**	235	**241**	233
– long service rewards	**–**	4	**–**	4
– pension-defined contribution	**9**	8	**9**	8
– salaries and wages	**227**	217	**227**	217
– training	**6**	6	**5**	4
Unrealised foreign exchange loss	**70**	269	**70**	269
Other	**175**	207	**96**	143
	1 263	1 750	**1 002**	1 478

* *In addition, attributable exploration expenditure amounting to R7 million (F2017: R14 million) is included in income from joint venture.*

	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
27. INCOME FROM INVESTMENTS				
Dividend income – listed	**22**	64	**22**	64
– unlisted	**–**	–	**3 679**	3 120
Interest received – subsidiaries companies and other investments (refer note 43)	**–**	–	**187**	234
– environmental trust funds (refer note 22)	**12**	9	**10**	5
– short-term bank deposits and other	**143**	165	**166**	95
	177	238	**4 064**	3 518

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
28. FINANCE COSTS				
Interest on finance leases	**10**	12	**2**	3
Gross interest paid long – and short-term borrowings and overdrafts	**289**	389	**168**	207
Unwinding of discount rate	**61**	22	**22**	11
	360	423	**192**	221
29. SPECIAL ITEMS				
Reversal of impairment of investment – Yukon	**–**	–	**–**	18
Reversal of impairment of loan – asset held for sale	**–**	–	**–**	12
Reversal of impairment of loans – Vale/ARM joint operation	**–**	–	**–**	179
Foreign currency translation reserve released – Lubambe	**–**	–	**325**	–
Impairment loss of loan – Kalplats	**–**	–	**(96)**	–
Loss on disposal of loan – Lubambe	**–**	–	**(58)**	–
Impairment loss of investment – ARM Finance Company	**–**	–	**–**	(1 129)
Impairment loss of property, plant and equipment – Kalplats	**(40)**	–	**–**	–
Impairment loss of property, plant and equipment – Modikwa	**–**	(1 255)	**–**	–
Reversal of impairment/(loss) of property, plant and equipment – Nkomati	**1**	(988)	**1**	(988)
Loss on sale of property, plant and equipment – ARM Coal	**(3)**	–	**(3)**	–
Loss on disposal of investment – Dwarsrivier	**–**	(79)	**–**	(79)
Loss on disposal of investment – Tamboti	**–**	–	**(467)**	–
Special items per statement of profit or loss before taxation effect	**(42)**	(2 322)	**(298)**	(1 987)
Impairment loss on property, plant and equipment accounted for directly in associate – ARM Coal	**(19)**		**–**	
Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang	**(26)**	(470)	**–**	–
Impairment reversal on property, plant and equipment – Lubambe (discontinued operation)	**–**	180	**–**	–
Pretax loss on sale of Lubambe	**(117)**	–	**–**	–
Profit on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**1**	–	**–**	–
Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**–**	(1)	**–**	–
Special items before taxation effect	**(203)**	(2 613)	**(298)**	(1 987)
Taxation accounted for in joint venture – impairment loss at Assmang	**7**	27	**–**	–
Taxation accounted for in associate – impairment loss at ARM Coal	**5**	–	**–**	–
Taxation loss on sale of property ARM Coal	**1**	–	**1**	–
Taxation – impairment loss of Modikwa assets	**–**	365	**–**	–
Taxation – impairment loss of Nkomati assets	**–**	277	**–**	277
Taxation – Lubambe transaction	**(62)**	–	**(62)**	–
Special items after taxation effect	**(252)**	(1 944)	**(359)**	(1 710)
Non-controlling interest – impairment (reversal)/loss of assets at Lubambe (discontinued operation)	**–**	(36)	**–**	–
Non-controlling interest – impairment loss of assets at Modikwa	**–**	156	**–**	–
Total	**(252)**	(1 824)	**(359)**	(1 710)

30. TAXATION

	Group		Company	
	F2018 Rm	F2017 Rm	F2018 Rm	F2017 Rm
South African normal taxation:				
– current year	**266**	324	**181**	82
– mining	**141**	212	**2**	–
– non-mining	**125**	112	**179**	82
– prior year	**(102)**	8	**(101)**	(6)
Dividends tax	**29**	5	**–**	–
Withholding tax	**–**	37	**–**	37
Total current taxation	**193**	374	**80**	113
Deferred taxation	**380**	(783)	**199**	(383)
Total taxation charge per statements of profit or loss from continuing operations	**573**	(409)	**279**	(270)
Attributable to:				
Profit before special items	**574**	233	**218**	7
Special items (refer note 29)	**(1)**	(642)	**61**	(277)
	573	(409)	**279**	(270)
Amounts recognised directly in other comprehensive income or equity:				
Unrealised loss on available-for-sale financial asset	**(7)**	(439)	**(7)**	(439)
Total movement in deferred tax	**373**	(1 222)	**192**	(822)
South African mining tax is calculated based on taxable income less capital expenditure allowances.				
Where there is insufficient taxable income to offset capital expenditure allowances, the remaining balance is carried forward as unredeemed capital expenditure.				

	F2018 %	F2017 %	F2018 %	F2017 %
Reconciliation of rate of taxation from continuing operations:				
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Loan impairment	**–**	–	**–**	2
Disallowed expenditure*	**10**	24	**15**	64
Exempt income**	**(5)**	(2)	**(33)**	(130)
Prior year over provision	**(2)**	(1)	**(3)**	(3)
Share of associate and joint venture income after tax	**(21)**	(84)	**–**	–
Effective rate of taxation	**10**	(35)	**7**	(39)

* *These amounts relate largely to impairments and foreign exchange movements (2017: These amounts largely relate to the silicosis provision and foreign exchange movements).*

** *In Group mostly fair value gains in ARM Coal.*
In Company mostly fair value gains in ARM Coal and dividends received.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

30. TAXATION continued

	Group		Company	
	F2018 %	F2017 %	**F2018 %**	F2017 %
Reconciliation of rate of taxation before special items from continuing operations				
Standard rate of Company taxation				
Adjusted for:	**28**	28	**28**	28
Loan impairment	**–**	–	**–**	–
Disallowed expenditure	**10**	7	**9**	6
Exempt income	**(5)**	–	**(30)**	(34)
Prior year over provision	**(2)**	–	**(2)**	–
Share of associate and joint venture income after tax	**(21)**	(28)	**–**	–
Effective rate of taxation	**10**	7	**5**	–

	Rm	Rm	**Rm**	Rm
Profit before taxation and special items per statement of profit or loss	**5 656**	3 475	**4 483**	2 671
Taxation per statement of profit or loss	**573**	(409)	**279**	(270)
Taxation on special items (refer note 29)	**1**	642	**(61)**	277
Tax – excluding tax on special items	**574**	233	**218**	7

	%	%	**%**	%
Percentage on above	**10**	7	**5**	–

	Rm	Rm	**Rm**	Rm
Estimated assessed losses available for reduction of future taxable income	**38**	169	**1**	17
No deferred tax asset was raised on the estimated assessed losses of R4 992 million in F2017 in the Vale/ARM joint operation.				
Unredeemed capital expenditure available for reduction of future mining income*	**2 234**	2 410	**906**	1 029

* *Deferred tax has been raised on these estimated tax benefits.*

The unredeemed capital expenditure in the Vale/ARM joint operation is nil because it was sold (F2017: R2 711 million).

The latest tax assessment for the Company relates to the year ended June 2017.

All returns due up to and including June 2017 have been submitted.

31. CALCULATIONS PER SHARE

	Group	
	F2018	F2017
The calculation of basic earnings per share is based on basic earnings of R4 562 million (F2017: R1 372 million basic earnings) and a weighted average of 190 622 thousand (F2017: 189 768 thousand) shares in issue during the year.		
The calculation of headline earnings per share is based on headline earnings of R4 814 million (F2017: R3 196 million) and a weighted average of 190 622 thousand (F2017: 189 768 thousand) shares in issue during the year.		
The calculation of diluted basic earnings per share is based on basic earnings of R4 562 million (F2017: R1 372 million basic earnings) with no reconciling items to derive at diluted earnings and a weighted average of 196 217 thousand (F2017: 195 112 thousand) shares in issue during the year calculated as follows:		
Weighted average number of shares used in calculating basic earnings per share (thousands)	**190 622**	189 768
Potential ordinary shares due to long term share incentives granted (thousands)	**5 595**	5 344
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**196 217**	195 112
The calculation of diluted headline earnings per share is based on headline earnings of R4 814 million (F2017: R3 196 million) with no reconciling items to derive at diluted headline earnings and a weighted average of 196 217 thousand (F2017: 195 112 thousand) shares.		
The calculation of net asset value per share is based on net assets of R25 907 million (F2017: R23 497 million) and the number of shares at year end of 219 709 thousand (F2017: 218 702 thousand) shares.		
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R1 934 million (F2017: R1 611 million) and the weighted average number of shares in issue of 190 622 thousand (F2017: 189 768 thousand).		
Headline earnings (R million)	**4 814**	3 196
Headline earnings from continuing operations (R million)	**4 820**	3 399
Headline loss from discontinued operation (R million)	**(6)**	(203)
Headline earnings per share (cents)	**2 526**	1 684
Headline earnings per share from continuing operations (cents)	**2 529**	1 791
Headline loss per share from discontinued operation (cents)	**(3)**	(107)
Basic earnings (R million)	**4 562**	1 372
Basic earnings from continuing operations (R million)	**4 747**	1 431
Basic loss from discontinued operation (R million)	**(185)**	(59)
Basic earnings per share (cents)	**2 393**	723
Basic earnings from continuing operations per share (cents)	**2 490**	754
Basic loss from discontinued operation per share (cents)	**(97)**	(31)
Diluted headline earnings per share (cents)	**2 453**	1 638
Diluted headline earnings per share from continuing operations (cents)	**2 456**	1 742
Diluted headline loss per share from discontinued operation (cents)	**(3)**	(104)
Diluted basic earnings per share (cents)	**2 325**	703
Diluted basic earnings from continuing operations per share (cents)	**2 419**	733
Diluted basic loss from discontinued operation per share (cents)	**(94)**	(30)
Number of shares in issue at end of year (thousands)	**219 709**	218 702
Weighted average number of shares (thousands)	**190 622**	189 768
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**196 217**	195 112
Net asset value per share (cents)	**11 792**	10 744
EBITDA (R million)	**2 443**	794
EBITDA from continuing operations (R million)	**2 451**	922
Interim dividend declared (cents)	**250**	–
Dividend declared after year-end (cents per share)	**750**	650

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

31. CALCULATIONS PER SHARE continued

ARM BBEE Trust restructuring effect on weighted and diluted average number of shares

Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM controls the Trust for reporting purposes.

The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share.

The treasury shares are excluded , effectively from 22 April 2016, in the weighted average and diluted average number of shares (refer note 14).

The number of shares in issue are however not affected.

Dividend per share

After the year end a dividend of 750 cents per share (F2017: 650 cents per share; F2016: 225 cents per share) was declared and paid which amounted to R1 648 million (F2017: R1 422 million, F2016: R491 million). This dividend was declared on 7 September 2018 (F2017: 6 September 2017; F2016: 8 September 2016), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2018.

A maiden interim dividend of 250 cents per share (R549 million) was declared on 16 March 2018.

32. HEADLINE EARNINGS

	Group	
	F2018 Rm	F2017 Rm
Basic earnings attributable to equity holders of ARM	**4 562**	1 372
– Impairment loss on property, plant and equipment – Kalplats	**40**	–
– Impairment loss on property, plant and equipment – Modikwa	**–**	1 255
– (Reversal) of impairment/loss on property, plant and equipment – Nkomati	**(1)**	988
– Impairments loss of property, plant and equipment in associate – ARM Coal	**19**	–
– Impairments loss of property, plant and equipment in joint venture – Assmang	**26**	470
– (Profit)/loss on sale of property, plant and equipment in joint venture Assmang	**(1)**	1
– Loss on disposal of investment	**–**	79
– Pre-tax loss on sale of Lubambe	**117**	–
– Loss on disposal of property, plant and equipment – ARM Coal	**3**	–
– Reversal of impairment loss on property, plant and equipment – Lubambe	**–**	(180)
	4 765	3 985
– Taxation accounted for in joint venture – impairment loss at Assmang	**(7)**	(27)
– Taxation accounted for in associate ARM Coal – impairment loss at ARM Coal	**(5)**	–
– Taxation loss on sale of property ARM Coal	**(1)**	
– Taxation sale of Lubambe	**62**	–
– Taxation – impairment loss of Modikwa assets	**–**	(365)
– Taxation – impairment loss of Nkomati assets	**–**	(277)
	4 814	3 316
Non-controlling interest – impairment reversal/(loss) of assets at Lubambe (discontinued operation)	**–**	36
Non-controlling interest – impairment loss of assets at Modikwa	**–**	(156)
Headline earnings	**4 814**	3 196

33. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Profit from operations before special items from continuing operations	**1 710**	214	**611**	(626)
Loss from operations before special items from discontinued operations	**(8)**	(235)		
Profit/(loss) from operations before special items	**1 702**	(21)	**611**	(626)
Income from associate	**619**	181	**–**	–
Income from joint venture	**3 510**	3 265	**–**	–
Special items from continuing operations (refer note 29)	**(42)**	(2 322)	**(565)**	(970)
Special items from discontinued operation (refer note 29)	**(117)**	180	**267**	(1 017)
Profit/(loss) from operations after special items	**5 672**	1 283	**313**	(2 613)
Adjusted for:	**(3 221)**	602	**418**	3 282
– Amortisation and depreciation of property, plant and equipment and intangible assets	**741**	815	**331**	352
– Fair value adjustment on Loans	**(652)**		**(652)**	
– Non cash relating to sale of Dwarsrivier	**–**	17	**–**	–
– Income from joint venture	**(3 510)**	(3 265)	**–**	–
– Impairment loss of property, plant and equipment	**39**	2 243	**(1)**	988
– Impairment (reversal)/loss of property, plant and equipment	**–**	(180)	**–**	–
– Impairment loss of investment	**–**	–	**–**	1 129
– Investment impairment reversal	**–**	–	**–**	(18)
– Profit from associate	**(619)**	(181)	**–**	–
– Loss on sale of investment	**–**	79	**467**	79
– Loss on sale of Lubambe	**117**	–	**–**	–
– Loss on disposal of property, plant and equipment	**3**	–	**3**	–
– Loan impairment (reversal)/loss	**–**	–	**–**	(191)
– Loan impairment – Kalplats	**–**	–	**96**	–
– Loss on disposal of loan – Lubambe	**–**	–	**58**	–
– Movement in long and short-term provisions	**458**	638	**172**	515
– Share based payments expense	**209**	201	**209**	201
– Release of unrealised foreign exchange on sale of Lubambe	**–**	–	**(325)**	–
– Foreign exchange movements	**–**	235	**65**	227
– Other non-cash flow items	**(7)**	–	**(5)**	–
Cash from operations before working capital changes	**2 451**	1 885	**731**	669
Movement in inventories	**48**	(51)	**18**	(109)
Movement in payables and provisions	**(266)**	(530)	**(152)**	(248)
Movement in receivables	**(299)**	307	**29**	230
Cash generated from operations	**1 934**	1 611	**626**	542

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
34. TAXATION PAID				
Balance at beginning of year	**106**	170	**27**	37
South African taxation	**226**	337	**80**	113
Current tax (refer note 30)	**193**	374	**80**	150
Withholding tax	**33**	(37)	**–**	(37)
Withholding tax and property tax on Lubambe transaction	**91**	–	**–**	–
Balance at year end	**3**	(106)	**40**	(27)
Tax payable at year end	**(82)**	(112)	**(1)**	(32)
Tax receivable at year end	**85**	6	**41**	5
Taxation paid	**426**	401	**147**	123

35. DWARSRIVIER CHROME MINE DISPOSAL

For accounting purposes, the disposal of the Dwarsrivier Chrome Mine was effective on 1 July 2016. The accounting result for ARM of this disposal was as follows:

i) The attributable equity profit realised in Assmang amounted to R5 million which includes an impairment of R373 million before tax (tax: nil);

ii) Attributable contribution to headline earnings amounting to R378 million;

iii) Cash dividend received from Assmang amounting to R238 million and an in specie dividend of R316 million;

iv) Proceeds of R238 million received from Assore by ARM on the sale of its investment in Dwarsrivier Chrome Mine resulting in a loss amounting to R79 million before tax (tax: nil).

36. PROPERTY, PLANT AND EQUIPMENT – IMPAIRMENTS

Kalplats

An impairment loss of R40 million (tax: nil) was recognised at 30 June 2018 as a result of the prospecting right relating to the Kalplats project having expired and ARM Platinum Proprietary Limited has not applied for a mining right.

ARM Coal – PCB

An impairment loss was recognised on property plant and equipment for R19 million before tax of R5 million (refer note 2.1 and 6).

This is accounted for in the income from associate line in the statement of profit or loss.

ARM Ferrous

An impairment loss was recognised on property, plant and equipment for R26 million (F2017: R470 million) before tax of R7 million (F2017: R27 million) (refer note 2.1 and 7). This is accounted for in the income from joint venture line in the statement of profit or loss.

Nkomati Nickel Mine

At 31 December 2016, an impairment loss of the Nkomati Nickel Mine cash generating unit was recognised, largely as a result of:

i) A revision of the mine plan with a resultant lower metal output profile;
ii) A significant decline from the prior year forecast long-term price of nickel; and
iii) A further strengthening of the R/US$ exchange rate.

ARM's attributable share of the impairment charge amounted to R988 million before tax and R711 million after tax (refer note 29).

The recoverable amount of the cash generating unit was determined based on a value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 20.72% was used for the impairment calculation together with the following metal prices and exchange rate assumptions.

36. PROPERTY, PLANT AND EQUIPMENT – IMPAIRMENTS continued

	2H F2017 Nominal	F2018 Nominal	F2019 Nominal	F2020 Nominal	Long-term Real
Nickel – US$/tonne	**11 053**	11 561	12 606	14 029	16 475
Platinum – US$/ounce	**986**	1 073	1 171	1 247	1 270
Palladium – US$/ounce	**712**	751	805	825	790
Gold – US$/ounce	**1 221**	1 260	1 295	1 307	1 194
Copper – US$/tonne	**5 356**	5 362	5 555	5 803	5 975
Cobalt – US$/lb	**14,00**	13,89	13,51	13,58	11,86
Chrome concentrate – US$/tonne	**235**	180	160	165	175
Exchange rate – R/US$	**13.84**	14.24	14.22	14.30	14.00

At 30 June 2018 and 2017 there were no further impairments or reversals.

Modikwa Platinum Mine

At 31 December 2016, an impairment loss of the Modikwa Platinum Mine cash generating unit attributable to ARM, was recognised largely as a result of:

i) Lower forecast PGM output over the short to medium term;

ii) Higher forecast unit cost of production;

iii) A reduction in the forecast long-term platinum price; and

iv) A further strengthening of the R/US$exchange rate.

ARM's attributable share of the impairment amounted to R1 255 million before tax, R890 million after tax and R734 million (refer note 29) after non-controlling interest and tax.

The recoverable amount of the cash generating unit was determined based on a value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 18.72% was used for the impairment calculation together with the following metal prices and exchange rate assumptions.

	2H F2017 Nominal	F2018 Nominal	F2019 Nominal	F2020 Nominal	Long-term Real
Platinum – US$/ounce	**986**	1 073	1 171	1 247	1 270
Palladium – US$/ounce	**712**	751	805	825	790
Rhodium – US$/ounce	**845**	800	800	850	850
Gold – US$/ounce	**1 221**	1 260	1 295	1 307	1 194
Iridium – US$/ounce	**500**	500	500	500	500
Ruthenium – US$/ounce	**40**	40	50	50	55
Nickel – US$/tonne	**11 053**	11 561	12 606	14 029	16 475
Copper – US$/tonne	**5 356**	5 362	5 555	5 803	5 975
Cobalt – US$/lb	**14.00**	13.89	13.51	13.58	11.86
Exchange rate – R/US$	**13.84**	14.24	14.22	14.30	14.00

At 30 June 2018 and 2017 there were no further impairments or reversals.

NOTES TO THE FINANCIAL STATEMENTS continued
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36. PROPERTY, PLANT AND EQUIPMENT – IMPAIRMENTS continued

Summary		Impairment Rm	Taxation Rm	Non-controlling interest Rm	Net Rm	Group F2018 Rm	Group F2017 Rm	Company F2018 Rm	Company F2017 Rm
Kalplats	F2018	**40**	–	–	**40**	**40**	–	**–**	–
Modikwa	F2017	**1 255**	(365)	(156)	**734**	**–**	1 255	**–**	–
Nkomati	F2017	**988**	(277)	–	**711**	**–**	988	**–**	988
Lubambe copper mine (refer note 12)	F2017	**(180)**	–	36	**(144)**	**–**	(180)	**–**	–
Total pre-tax and non-controlling interest						**40**	2 063	**–**	988

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group and Company cash flows to foreign exchange currency risks (refer note 37 for sensitivity analysis).

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars, Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group and Company against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered when appropriate for long lead-time capital items.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency.

	Group		Company	
	Foreign currency amount	Year-end exchange rate R/US$	Foreign currency amount	Year-end exchange rate R/US$
Financial assets				
Foreign currency denominated items included in receivables:				
30 June 2018	US$55 million	13.72	US$10 million	13.72
30 June 2017	US$50 million	13.05	US$13 million	13.05
Foreign currency denominated items included in cash and cash equivalents:				
30 June 2018	US$19 million	13.72	US$nil	13.72
30 June 2017	US$2 million	13.05	US$nil	13.05
Financial liabilities				
Foreign currency denominated items included in overdrafts and short-term borrowings:				
30 June 2018	US$nil	13.72	US$nil	13.72
30 June 2017	US$6 million	13.05	US$nil	13.05

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Liquidity risk management

The Group's executives meet regularly to review long – and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at 30 June 2018 and 30 June 2017 based on discounted cash flows.

For undiscounted amounts refer note 15.

Trade and other payables and overdrafts and short-term borrowings are due to their nature the same for discounted and undiscounted cash flows.

	Group F2018				Company F2018			
	Within one year	**2 – 4 years**	**Over 5 years**	**Total**	**Within one year**	**2 – 4 years**	**Over 5 years**	**Total**
Long-term borrowings (refer notes 15 and 20)	**57**	**255**	**1 489**	**1 801**	**7**	**6**	**1 231**	**1 244**
Trade and other payables (refer note 18)	**1 406**	**–**	**–**	**1 406**	**326**	**–**	**–**	**326**
Overdrafts and short-term borrowings (refer note 20)	**495**	**–**	**–**	**495**	**299**	**–**	**–**	**299**
Total	**1 958**	**255**	**1 489**	**3 702**	**632**	**6**	**1 231**	**1 869**

	Group F2017				Company F2017			
	Within one year	2 – 4 years	Over 5 years	Total	Within one year	2 – 4 years	Over 5 years	Total
Long-term borrowings* (refer notes 15 and 20)	309	959	1 043	2 311	179	632	814	1 625
Trade and other payables (refer note 18)	1 307	–	–	1 307	296	–	–	296
Overdrafts and short-term borrowings (refer note 20)	448	–	–	448	342	–	–	342
Total	2 064	959	1 043	4 066	817	632	814	2 263

* *F2017 R15 million liability held for sale included in the R309 million (refer note 15 and 20).*

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Overdrafts and short-term borrowings (including short-term portion of long-term borrowings) are held as follows:				
– ABSA Bank Limited	**257**	220	**21**	12
– Interest free loans – subsidiaries			**254**	254
– Nedbank Limited	**150**	90	**–**	–
– Partner loans short-term	**114**	114	**–**	–
– Partner loans (F2017: included in R309 million)	**–**	172	**–**	172
– Standard Finance (Isle of Man) Limited	**–**	78	**–**	–
– Other	**31**	83	**31**	83
	552	757	**306**	521

NOTES TO THE FINANCIAL STATEMENTS continued
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37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties.

The maximum exposure for trade receivables is the carrying amounts disclosed in note 10.

Major trade receivables include Impala Platinum R1 146 million (F2017: R1 003 million), Rustenburg Platinum Mines R610 million (F2017: R468 million) and Norilsk Nickel R134 million (F2017: R174 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 11.

The available-for-sale financial asset (which is the Harmony investment) exposure is the carrying value of this asset as per note 8.

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Cash and cash equivalents are held at the following financial institutions:				
– ABSA Bank Limited	**503**	311	**256**	50
– Barclays Private Clients International	**219**	159	**–**	–
– Deutche Bank	**228**	–	**–**	–
– Investec Limited	**8**	8	**–**	–
– First Rand Limited	**88**	73	**81**	66
– Lloyds Bank Plc	**200**	200	**–**	–
– Nedbank Limited	**953**	141	**949**	139
– Rand Merchant Bank	**27**	27	**27**	27
– Royal Bank of Canada – Barbados	**22**	–	**14**	–
– Royal Bank of Scotland International Limited	**200**	208	**–**	–
– Standard Chartered	**200**	178	**–**	–
– Stanlib	**477**	–	**477**	–
– The Standard Bank of South Africa Limited	**109**	123	**96**	104
– Other	**57**	60	**32**	30
	3 291	1 488	**1 932**	416

Treasury risk management

The treasury function is outsourced to Andisa Capital Proprietary Limited (Andisa), specialists in the management of third party treasury operations.

Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

Treasury Committee, consisting of senior managers in the Company including the Financial Director and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group.

The committee reviews the treasury operation's dealings to ensure compliance with Group policies and counterparty exposure limits.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings.

Most of these prices are US Dollar based and are internationally determined in the open market. From these base prices, contracts are negotiated.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 10) amounts to R1 890 million (F2017: R1645 million). Refer to the sensitivity below on page 98.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (refer to note 37 sensitivity).

The Group manages its interest cost using a mix of fixed and variable rates.

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Fixed interest rate loans carry a fair value risk due to change in market rates.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The table quantifies the interest rate risk.

		Group		
Financial assets		Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2018				
Cash – financial institutions	US$19 million	**260**	**Overnight**	**0 – 2%**
– financial institutions		**2 236**	**call deposit**	**0 – 8%**
– fixed		**795**	**July 2018**	**4 – 9%**
		3 291		
Year ended 30 June 2017				
Cash – financial institutions	US$2 million	20	Overnight	0 – 2%
– financial institutions		759	call deposit	0 – 8%
– fixed		709	July 2017	4 – 9%
		1 488		

	Company		
Financial assets	Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2018			
Cash – financial institutions	**1 932**	**Call deposits**	**5 – 9%**
	1 932		
Year ended 30 June 2017			
Cash – financial institutions	416	Call deposits	5 – 9%
	416		

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

	Group		
Financial liabilities	Book value at year-end Rm	Maturity date*	Contractual interest rate
Year ended 30 June 2018			
Long-term borrowings			
ARM BBEE Trust – loan facility – Harmony Gold	**258**	**2023**	**JIBAR plus 4.25%**
ARM BBEE Trust – loan facility – Nedbank	**212**	**2020**	**JIBAR plus 4.07%**
Two Rivers – leases	**87**	**2017**	**Prime less 1.5%**
Nkomati – leases	**13**	**2020**	**Prime plus 2%**
ARM Coal – GGV acquisition loan (partner loan)	**421**	**2029**	**Interest free**
ARM Coal – GGV project facility phase 1 loan (partner loan)	**602**	**2029**	**Interest free**
ARM Coal – GGV project facility phase 2 loan (partner loan)	**208**	**2029**	**Interest free**
	1 801		
Less: transferred to short-term borrowings	**(57)**		
Total	**1 744**		

* *This relates to the financial year.*

SUMMARY OF VARIABLE AND FIXED RATES

	Total	Transfer to short-term	Long-term
Variable rates	**570**	**(57)**	**513**
Fixed rates – interest free	**1 231**	**–**	**1 231**
Total	**1 801**	**(57)**	**1 744**

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

	Group		
	Book value at year-end Rm	Maturity date	Effective interest rate
Year ended 30 June 2017			
Long-term borrowings			
ARM BBEE Trust – loan facility – Harmony Gold	229	2023	JIBAR plus 4.25%
ARM BBEE Trust – loan facility – Nedbank	299	2020	JIBAR plus 4.07%
Vale/ARM joint operation – hire purchase*	15	2019	Between 7% and 8%
Two Rivers – leases	57	2017	Prime less 1.5%
Nkomati – leases	20	2020	Prime plus 2%
Two Rivers – mine housing project – loan facility	8	2018	7.34% linked to JIBAR
ARM Finance Company SA – loan facility	78	2018	LIBOR plus 3.65%
Vale/ARM joint operation – loan facility (partner loan)*	656	2018	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)	77	2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	290	2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan).	987	2025	Interest free until October 2014 thereafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan).	251	2024	Prime
	2 967		
Less: transferred to short-term borrowings	(309)		
	2 658		
Less: long-term borrowing classified as held for sale*	(656)		
Total	2 002		

* This is transferred to asset held for sale, R15 million included in the R309 million.

SUMMARY OF VARIABLE AND FIXED RATES

	Total	Transfer to short-term	Long-term
Variable rates	2 311	(309)	2 002
Fixed rates	–	–	–
Total	2 311	(309)	2 002

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

SHORT-TERM FINANCIAL LIABILITIES

	Group			
	Book value at year-end Rm	**Repricing date**	**Maturity* date**	**Effective interest rate**
Year ended 30 June 2018				
– Financial institutions	**438**	**30/06/2018**	**30/06/2018**	**Variable rate between 2% and 11%**
– Anglo American Platinum (partner loan)	**114**			**No interest**
Total	**552**			

	Total	Transfer to short-term	Long-term	Effective interest rate
Year ended 30 June 2017				
– Financial institutions	486	30/06/2017	30/06/2017	Variable rate between 2% and 11%
– Anglo American Platinum (partner loan)	114			No interest
– ARM Coal (partner loan)	172			Variable rate between 0% and prime plus 0.5%
Total	772			
Less transfer to liability held for sale	(15)			
	757			

	Company		
	Book value at year-end Rm	**Maturity date***	**Contractual interest rate**
Year ended 30 June 2018			
Long-term borrowings			
Nkomati – leases	**13**	**2020**	**Prime plus 2%**
ARM Coal – GGV acquisition loan (partner loan)	**421**	**2029**	**Interest free**
ARM Coal – GGV project facility phase 1 loan (partner loan).	**602**	**2029**	**Interest free**
ARM Coal – GGV project facility phase 2 loan (partner loan).	**208**	**2029**	**Interest free**
	1 244		
Less: transferred to short-term borrowings	**(7)**		
Total	**1 237**		

* *This relates to the financial year.*

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

SUMMARY OF VARIABLE AND FIXED RATES

	Company		
	Total	**Transfer to short-term**	**Long-term**
Variable rates	**13**	**(7)**	**6**
Fixed rates – interest free	**1 231**	**–**	**1 231**
Total	**1 244**	**(7)**	**1 237**

	Company		
	Book value at year-end Rm	Maturity date	Effective interest rate
Year ended 30 June 2017			
Long-term borrowings			
Nkomati – leases	20	2020	Prime plus 2%
ARM Coal – RBCT phase V (partner loan)	77	2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	290	2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan).	987	2025	Interest free until October 2014 thereafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan).	251	2024	Prime
	1 625		
Less: transferred to short-term borrowings	(179)		
Total	1 446		

SUMMARY OF VARIABLE AND FIXED RATES

	Total	Transfer to short-term	Long-term
Variable rates	1 625	(179)	1 446
Fixed rates	–	–	–
Total	1 625	(179)	1 446

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Interest rate risk continued

	Company			
	Book value at year-end Rm	**Repricing date**	**Maturity* date**	**Effective interest rate**
Short-term financial liabilities				
Year ended 30 June 2018				
– Financial institutions	**52**	**30/06/2018**	**30/06/2018**	**10.25%**
– Loans from subsidiaries	**254**			**No interest**
Total	**306**			

	Total	Transfer to short-term	Long-term	Effective interest rate
Year ended 30 June 2017				
Short-term financial liabilities				
– Financial institutions	95	30/06/2017	30/06/2017	10.25%
– ARM Coal (partner loan)	172			Variable rate between 0% and prime plus 0.5%
– Loans from subsidiaries	254			No interest
Total	521			

* *This relates to the financial year.*

Fair value risk

The carrying amounts of trade receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – A technique where all inputs that have an impact on the value are observable, either directly or indirectly

Level 3 – A technique where all inputs that have an impact on the value are not observable

FINANCIAL INSTRUMENTS BY CATEGORIES

	Group F2018				
Category	**Fair value hierarchy level**	**At fair value through profit and loss Rm**	**Available-for-sale financial asset Rm**	**Total book value Rm**	**Total fair value Rm**
Investments – Listed (refer note 8)	**1**	**1**	**1 351**	**1 352**	**1 352**
Investments – Guardrisk (refer note 8)	**2**	**33**	**–**	**33**	**33**
Trade receivables*	**2**	**1 890**	**–**	**1 890**	**1 890**

* *For inputs used refer note 37 sensitivity.*

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Fair value risk continued

Category	Group F2017				
	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 8)	1	1	1 380	1 381	1 381
Investments – Guardrisk (refer note 8)	2	24	–	24	24
Trade receivables*	2	1 645	–	1 645	1 645

Category	Company F2018				
	Fair value hierarchy level	**At fair value through profit and loss Rm**	**Available-for-sale financial asset Rm**	**Total book value Rm**	**Total fair value Rm**
Investments – listed (refer note 8)	**1**	**–**	**1 351**	**1 351**	**1 351**
Investments – Guardrisk (refer note 8)	**2**	**33**	**–**	**33**	**33**
Trade receivables*	**2**	**134**	**–**	**134**	**134**

Category	Company F2017				
	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 8)	1	–	1 380	1 380	1 380
Investments – Guardrisk (refer note 8)	2	24	–	24	24
Trade receivables*	2	174	–	174	174

* *For inputs used refer note 37 sensitivity.*

Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee after being proposed by management.

Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management.

The ability to continue as a going concern and to safeguard assets while optimally funding capital expenditure is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to Life of Mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the statement of financial position plus debt.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Sensitivity

The sensitivity calculations are performed on the variances in commodities prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year end.

It is relevant to note that the accounts receivable balance in note 10 of R1 890 million (F2017: R1 645 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R13.72 (F2017: R13.05), (ii) platinum price of $853/oz (F2017: $985/oz), (iii) palladium price of $956/oz (F2017: $749/oz), rhodium of $2 260/oz (F2017: $833/oz) a nickel price of $14 940/tonne (F2017: $10 100/tonne) and copper price of N/A (F2017: $5 482 tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
The increase in profit before tax if:				
The Rand/US Dollar exchange rate weakens by R1	**125**	110	**7**	6
The price of copper increases by 10%	**N/A**	8	**N/A**	N/A
The price of nickel increases by 10%	**15**	16	**15**	16
The price of PGM increases by 10%	**158**	132	**NA**	NA
The interest rate increases by 1%	**15**	(22)	**19**	(13)
The decrease in profit before tax if:				
The Rand/US Dollar exchange rate strengthens by R1	**(125)**	(110)	**(7)**	(6)
The price of copper decreases by 10%	**N/A**	(8)	**N/A**	N/A
The price of nickel decreases by 10%	**(15)**	(16)	**(15)**	(16)
The price of PGM decreases by 10%	**(158)**	(132)	**N/A**	N/A
The interest rate decreases by 1%	**(15)**	22	**(19)**	13

The interest rate change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long- or short-term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

In addition to the sensitivity above a R1 increase or decrease in the Rand/US Dollar exchange rate will increase or decrease profit by nil million (F2017: R183 million) as a result of the revaluation of the US Dollar denominated loan that ARM had with Lubambe. This was treated as a held for sale asset at 30 June 2017 and subsequently sold.

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
38. COMMITMENTS AND CONTINGENT LIABILITIES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**108**	134	**29**	74
– not contracted for	**16**	3	**16**	3
Total commitments	**124**	137	**45**	77
Commitments allocated as follows:				
ARM Mining Consortium Limited	**70**	60	**–**	–
ARM Coal Proprietary Limited	**29**	36	**29**	36
Nkomati	**16**	41	**16**	41
Two Rivers Platinum Proprietary Limited	**9**	–	**–**	–
	124	137	**45**	77

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and by utilising available cash and borrowing resources.

Disputes

ARM Mining Consortium has made an application against the Department of Mineral Resources (DMR) and third-party respondents requesting the court to order the DMR to reassess applications for certain prospecting rights brought by Rustenburg Platinum Mines, ARM Mining Consortium's joint venture partner that had been earlier rejected. The pleadings are not yet closed and no trial date has as yet been allocated.

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2017: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2018 were Rnil (F2017: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R161 million (F2017: R134 million).

Guarantees to Eskom amounting to R45 million (F2017: R42 million).

Assmang has issued a guarantee to the Sarawak Energy Board amounting to US$100 million. Sponsor indemnities amounting to US$45.64 million has been received by Assmang in respect of this guarantee. The net effect for Assmang is therefore US$54.36 million. ARM's 50 percent interest in Assmang would equate to R373 million (F2017: R356 million) US$27.18 million (F2017: US$27.27 million).

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

39. LEASES

Finance leases (refer note 15)	Group				Company			
	F2018 Rm		F2017 Rm		**F2018 Rm**		F2017 Rm	
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments	**Minimum payments**	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**59**	**57**	37	36	**7**	**7**	7	7
After one year but not more than five years	**51**	**43**	49	41	**8**	**6**	16	13
Total minimum lease payments	**110**	**100**	86	77	**15**	**13**	23	20
Less: amounts representing finance charges	**(10)**	**–**	(9)	–	**(2)**	**–**	(3)	
Present value of minimum lease payments	**100**	**100**	77	77	**13**	**13**	20	20

In F2017 the amount of R15 million was transferred to liability held for sale and is not included in above.

	Group	
	F2018	F2017
Operating leases – Group as lessee		
This is in respect of office building rentals paid		
Straight-lined and cash flows		
Within one year	**2**	3
After one year but not more than five years	**–**	5
Total	**2**	8

40. RETIREMENT PLANS

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 9.9% and employers contribute between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R162 million (F2017: R147 million).

41. POST-RETIREMENT HEALTH CARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits in terms of a defined benefit plan. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
The post-retirement healthcare benefits are provided for in the following entity.				
African Rainbow Minerals Limited	**82**	74	**82**	74
	82	74	**82**	74

The liability is assessed at three-yearly intervals by an independent actuary. The assumptions used are as follows:

- A real discount rate of 1.8% per annum (F2017: 1.8% per annum).
- An increase in healthcare costs at a rate of between 7% and 9% per annum (F2017: 7% to 9% per annum).
- A 1% change in the health care inflation rate used is estimated to have an impact of plus 8% or less 7% (F2017: plus 8.3% or less 7.3%) on the liability.
- The average expected working lifetime of eligible members was five years (F2017: six years) at the date of the latest valuation which was carried out during June 2018.

The provisions raised in respect of post-retirement healthcare benefits amounted to R82 million (F2017: R74 million) at the end of the year. For movements refer note 17.

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three-yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2018 and the next one will be in F2021.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

42. SHARE-BASED PAYMENT PLANS

Equity-settled plan

The Company uses plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.

Share options

Between F2008 and F2014 annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014. (Refer remuneration report).

The Company granted share options to certain employees under the share incentive scheme. The exercise price of the options was equal to the market price of the shares on the date of the grant. Before July 2008 the options start to vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes were subject to continued employment.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

42. SHARE-BASED PAYMENT PLANS continued

The contract life of each option is eight years from the grant date.

	F2018 Share options	F2017 Share options	F2018 Average price cents	F2017 Average price cents
Outstanding at beginning of year	**1 068 757**	1 268 254	**18 083**	17 336
Forfeited/cancelled/lapsed	**(169 998)**	(147 733)	**16 855**	14 636
Exercised during the year	**–**	(51 764)	**–**	–
Outstanding at the end of year	**898 759**	1 068 757	**18 315**	18 083
Exercisable at the end of the year	**898 759**	783 196		
Range of strike prices of options exercised (cents)			**N/A**	9 620
Range of strike prices of outstanding options (cents)			**16 837 to 22 300**	15 520 to 22 300

Bonus shares

Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the bonus share/co-investment scheme method and the waived bonus method, no bonus shares have been awarded since 2015.

If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares awarded prior to December 2014 are settled in full (refer remuneration report).

Deferred bonus/co-investment scheme

The deferred bonus/co-investment scheme was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, as well as to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.

Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.

Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%.

Scheme with effect from F2017: Senior executives may defer 25%, 33%, 50%, 75% or 100% (refer remuneration report).

Waived bonus method

The waived bonus method was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.

In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares (refer remuneration report).

	F2018 Bonus shares	F2017 Bonus shares
Outstanding at beginning of year	**843 415**	1 073 206
Granted during the year	**118 536**	57 584
Forfeited/cancelled/lapsed	**(2 506)**	(4 431)
Shares vested	**(392 813)**	(282 944)
Outstanding at end of year	**566 632**	843 415

42. SHARE-BASED PAYMENT PLANS continued

Performance shares method

Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.

With effect from May 2015, Total Shareholder Return (TSR) in terms of the JSE Mining Resources Sector Index RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015. Therefore, the Board, upon the recommendation of the Remuneration Committee, agreed that with effect from December 2015, the TSR in terms of the top 20 companies (excluding gold and diamond companies) be used to determine the number of performance shares which vest and the 20-day VWAP would be used to determine the price.

	F2018 Performance shares	F2017 Performance shares
Outstanding at beginning of year	**4 499 333**	3 062 420
Awarded during the year	**1 289 335**	1 907 006
Forfeited/cancelled/lapsed	**(140 268)**	(125 467)
Shares vested	**(619 326)**	(344 626)
Outstanding at end of year	**5 029 074**	4 499 333

Assumptions used were as followed:

The bonus shares were valued at the share price on issue date adjusted for estimate forfeiture.

The performance share valuation was done using a Monte Carlo simulation on the Top 20 Shares (market cap) of the Resources Index (excluding gold shares), assuming no dividends on all shares.

The fair value of share options granted was estimated as at grant date using the Cox-Ross-Rubenstein binomial model considering the terms and conditions upon which they were granted.

The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2018 and 30 June 2017.

	F2018	F2017
Dividend yield %*	**N/A**	N/A
Expected volatility %	**40.51**	51.16
Risk-free interest rate %	**7.93**	7.42
Expected life of performance shares (years)	**1 – 8**	1 – 8
Average share price (cents)	**11 133**	9 554

** No options granted anymore*

The expected volatility effects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

	F2018	F2017
The effect on the statement of profit or loss was a charge of (R million) (note 26)	**209**	201

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

43. RELATED PARTY TRANSACTIONS

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.

Transactions between the Company, its subsidiaries and joint operations relate to fees, insurances, dividends, rentals and interest and are regarded as intra-Group transactions and eliminated on consolidation.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations, that indicates the relationship and degree of control exercised by the Company and balances owed by or to entities, appears on pages 107 to 109. For sales to related parties refer note 2.5.

	Group		Company	
	F2018 Rm	F2017 Rm	**F2018 Rm**	F2017 Rm
Amounts accounted in the statement of profit or loss relating to transactions with related parties				
Joint venture				
Assmang Proprietary Limited				
– Provision of services	**627**	513	**627**	513
– Dividends received	**3 000**	2 804	**3 000**	2 804
Other				
ARMBBEE TRUST – interest	**–**	–	**109**	99
Vale/ARM – interest*	**–**	–	**76**	133
Subsidiaries				
Opilac Proprietary Limited – dividend received	**–**	–	**114**	25
Two Rivers Platinum Proprietary Limited				
– Dividend received	**–**	–	**290**	291
– Provision of services	**–**	–	**3**	3
Venture Building Trust Proprietary Limited – interest received	**–**	–	**2**	2
Amounts outstanding at year-end (owing to)/receivable by ARM on current account				
Joint venture				
Assmang – debtor	**101**	93	**101**	93
Joint operations				
Anglo American Platinum – debtor	**610**	468	**–**	–
Norilsk Nickel – creditor	**(2)**	(2)	**(2)**	(2)
Norilsk Nickel – debtor	**134**	174	**134**	174
Anglo American Platinum – short-term borrowing	**(114)**	(114)	**–**	–
Vale/ARM joint operation – ZCCM – long-term borrowing*	**–**	656	**–**	–
Vale/ARM joint operation – long-term loan ARM*	**–**	–	**–**	179
Vale/ARM joint operation – long-term loan TEAL Minerals (Barbados)*	**–**	–	**18**	12
Glencore Operations SA – long-term borrowing	**(1 231)**	(1 433)	**(1 231)**	(1 433)
Glencore Operations SA – short term borrowing	**–**	(172)	**–**	(172)
Subsidiary				
Impala Platinum – debtor	**1 146**	1 003	**–**	–
Impala Platinum – dividend paid	**253**	279	**–**	–

** This is being treated as a liability held for sale in F2017.*

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management (refer to Directors' report).

	Group F2018 Rm	Group F2017 Rm
Senior management compensation		
Salary	**26**	10
Accrued bonuses	**25**	9
Pension scheme contributions	**2**	1
Reimbursive allowances	**1**	1
Total	**54**	21

43. RELATED PARTY TRANSACTIONS continued

Share options	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2016	88 902	17 059	
Exercised/lapsed during the year	(9 862)	9 620	10 851
Held on 1 July 2017	**79 040**	**17 987**	
Exercised/lapsed during the year	**(9 522)**	**16 916**	
Staff movements	**56 484**	**18 658**	
Held on 30 June 2018	**126 002**	**18 369**	

Bonus and performance shares	Number of bonus shares	Number of performance shares
Held on 1 July 2016	62 153	176 473
Granted/awarded during the year	6 709	136 475
Settled during the year	(20 560)	(23 933)
Held on 30 June 2017	**48 302**	**289 015**
Forfeitures during the year	**–**	**(10 203)**
Granted/awarded during the year	**9 094**	**266 651**
Settled during the year	**(57 724)**	**(84 949)**
Staff movements	**29 380**	**392 353**
Held on 30 June 2018	**29 052**	**852 867**

Details relating to Directors' emoluments and prescribed officers, share options and shareholdings in the Company are disclosed in the Directors' report.

Shareholders

The principal shareholders of the Company are detailed in the Shareholder Analysis report.

ARM's executive chairman, Dr Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The Company rents office space from one of the entities as disclosed below. Dr Motsepe's Director's emoluments, share options, bonus shares, performance shares and shareholding in the Company are disclosed in the Directors' report.

	F2018 Rm	F2017 Rm
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	**2**	2
This rental is similar to rentals paid to third parties in the same area for similar buildings.		

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2018

44. EVENTS AFTER THE REPORTING DATE

Please refer to events after reporting date included on page 10 of the Director's report.

44.1 Harmony Gold Mining Company Limited ("Harmony") conducted a placing of new ordinary shares to qualifying investors to raise up to ZAR1,26 billion/US$100 million through an accelerated book-binding process launched on 5 June 2018.

On 17 July, ARM subscribed to 11 032 623 shares at a total cost of R210 million (i.e. R19.12 per share). ARM's percentage shareholding in Harmony is as follows:

	30 June 2017	31 December 2017	**30 June 2018**	17 July 2018
Percentage holding in Harmony	14.50%	14.30%	**12.70%**	14.60%

44.2 ARM Company's Revolving Credit Facility (facility) expired on 24 August 2018. At 30 June 2018 to date of expiry the facility was fully repaid and unutilised. ARM company finalised a new facility for R2 250 million until September 2021 (refer note 15).

44.3 Subsequent to year ended ARM received a dividend of R1 750 million from Assmang.

44.4 ARM declared a dividend of R7.50 per share subsequent to year end.

45. MAJOR SHAREHOLDERS, AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2018 on page 117 of the Investor Relations report and shareholder spread at 30 June 2018 on page 118 the Investor Relations report.

PRINCIPAL SUBSIDIARY COMPANIES

for the year ended 30 June 2018

		Issued capital amount Rm		Direct interest in capital %		Book value of the Company's interests: Shares Rm		Book value of the Company's interests: Indebtedness by/(to) Rm	
Name	Class	F2018	F2017	F2018	F2017	F2018	F2017	F2018	F2017
African Rainbow Minerals Platinum Proprietary Limited	Ord	–	–	100	100	257	257	1 599	1 670
African Rainbow Minerals Finance Company SA	Ord	–	–	100	100	1 296	1 211	–	–
Provision ARM Finance Company						(1 129)	(1 129)		
Sub total						167	82	–	–
Anglovaal Air Proprietary Limited	Ord	–	–	100	100	89	89	(212)	(212)
Atscot Proprietary Limited	Ord	1	1	100	100	10	10	(23)	(23)
Avmin Limited	Ord	–	–	100	100	–	–	(17)	(17)
Bitcon's Investments Proprietary Limited	Ord	–	–	100	100	2	2	(2)	(2)
Jesdene Limited	Ord	–	–	100	100	–	–	6	6
ARM Treasury Investments Proprietary Limited	Ord	–	–	100	100	35	35	–	–
Mannequin Insurance PCC Limited (Cell AVL18)*	Ord	4	4	100	100	4	4	–	–
Opilac Proprietary limited**	Ord	–	–	100	100	651	651	–	–
Two Rivers Platinum Proprietary Limited (refer note 3 – Tamboti)	Ord	914	257	54	51	331	55	–	–
Tamboti Platinum Proprietary Limited	Ord	–	–	100	100	467	467	–	–
Impairment (refer note 29)						(467)			
Sub total						–			
TEAL Minerals (Barbados) Incorporated						18	18	–	–
Venture Building Trust Proprietary Limited	Ord	–	–	100	100	1	1	17	20
Total value of unlisted investment in subsidiaries* **						1 565	1 671		
Amounts owing to subsidiaries								(254)	(254)
Amounts owing by subsidiaries								1 622	1 696

Notes

Ord – Ordinary shares

All these balances eliminate at Group level

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

* *Incorporated in Guernsey and has a March year – end. Reviewed June figures are consolidated.*

** *February year end June figures are consolidated.*

*** *The indirect subsidiary investment in Teal Minerals is included as part of joint operations.*

PRINCIPAL ASSOCIATE COMPANIES, JOINT VENTURES, JOINT OPERATIONS AND OTHER INVESTMENTS

for the year ended 30 June 2018

	Group					
	Number of shares held		Effective percentage holding		Value of investment Rm	
Name of company	F2018	F2017	F2018	F2017	F2018	F2017
Associated companies						
Unlisted						
Glencore Operations South Africa Proprietary Limited*	**384**	384	**20,2**	20,2	**1 798**	1 334
Non-convertible participating preference shares						
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited Ordinary shares	**63 632 922**	63 632 922	**12,7**	14,5	**1 351**	1 380
On 12 July 2018 ARM acquired a further 11 032 623 shares.						
Unlisted						
Business Partners Limited	**323 177**	323 177	**0,2**	0,2	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	1	**100**	100	**33**	24
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	**51**	51	**51**	51	**–**	–
Modikwa joint operation*	**–**	–	**41,5**	41,5	**–**	–
Nkomati joint operation**	**–**	–	**50**	50	**–**	–
Vale/ARM joint operation***			**40**	40	**–**	–
– investment held directly by ARM						
– investment held indirectly by ARM (subsidiary)						
Provision						
Reversal of provision – asset held for sale						
Teal Minerals (Barbados) reversal of provision – asset held for sale						
Joint venture						
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	**–**	–	**50**	50	**–**	–

* *December year end, audited June figures are consolidated.*

** *Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.*

*** *ARM owns 16% indirectly and 34 % directly in Teal Minerals (Barbados) Incorporated (amount above is after non-controlling interest).*

	Company					
	Number of shares held		Value of investment		Indebtedness by Rm	
Name of company	F2018	F2017	F2018	F2017	F2018	F2017
Associated companies						
Unlisted						
Glencore Operations South Africa Proprietary Limited*	**384**	384	**432**	432	**1 059**	1 177
Non-convertible participating preference shares						
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited						
Ordinary shares (11 032 623 shares was only received after year end)	**63 632 922**	63 632 922	**1 351**	1 380	**–**	–
After year end on 12 July 2018 we bought 11 032 623 shares to up the holding to 14.6%						
Unlisted						
Business Partners Limited	**323 177**	323 177	**–**	–	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	1	**33**	24	**–**	–
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	**51**	51	**409**	409	**–**	–
Modikwa joint operation*	**–**	–	**–**	–	**–**	–
Nkomati joint operation**	**–**	–	**–**	–	**331**	246
Vale/ARM joint operation***	**–**	–	**–**	–	**–**	–
– investment held directly by ARM	**1 154**	1 154				
– investment held indirectly by ARM (subsidiary)	**528**	528			**–**	2 388
Provision					**–**	(2 314)
Reversal of provision – asset held for sale					**–**	179
Teal Minerals (Barbados) reversal of provision – asset held for sale					**–**	12
Sub total (refer note 8)					**–**	265
Joint venture						
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	**1 774 103**	1 774 103	**259**	259	**–**	–
Trust						
ARM BBEE Trust (refer note 14)					**1 026**	917

* *December year end, audited June figures are consolidated.*

** *Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.*

*** *ARM owns 16% indirectly and 34 % directly in Teal Minerals (Barbados) Incorporated (amount above is after non controlling interest).*

CONVENIENCE TRANSLATION INTO US DOLLARS

For the benefit of international investors, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group presented in South African Rands and set out on pages 22 to 28, have been translated into United States Dollars and are presented on this page and pages 111 to 115. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position is translated at the rate of exchange ruling at the close of business at 30 June each year and the statement of profit or loss and statement of cash flows are translated at the average exchange rates for the years reported, except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The following exchange rates were used:

	F2018 R/US$	F2017 R/US$
Closing rate	**R13.72**	R13.05
Average rate	**R12.84**	R13.60

The US Dollar denominated statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statements of cash flows should be read in conjunction with the accounting policies of the Group as set out on pages 29 to 44 and with the notes to the financial statements on pages 45 to 106.

US DOLLAR STATEMENT OF FINANCIAL POSITION

at 30 June 2018

CONVENIENCE TRANSLATION

	Notes	Group F2018 US$m	Group F2017 US$m
ASSETS			
Non-current assets			
Property, plant and equipment	3	**577**	598
Intangible assets	4	**9**	10
Deferred tax assets	16	**45**	50
Loans and long-term receivables	5	**34**	3
Investment in associate	6	**131**	102
Investment in joint venture	7	**1 130**	1 139
Other investments	8	**114**	121
		2 040	2 023
Current assets			
Inventories	9	**43**	51
Trade and other receivables	10	**172**	161
Taxation	34	**6**	–
Cash and cash equivalents	11	**240**	114
		461	326
Assets held for sale	12	**–**	123
Total assets		**2 501**	2 472
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	13	**1**	1
Share premium	13	**321**	328
Treasury shares	14	**(175)**	(184)
Other reserves		**103**	102
Other reserves discontinued operation	12	**–**	56
Retained earnings		**1 639**	1 499
Equity attributable to equity holders of ARM		**1 889**	1 802
Non-controlling interest		**107**	42
Total equity		**1 996**	1 844
Non-current liabilities			
Long-term borrowings	15	**127**	153
Deferred tax liabilities	16	**119**	99
Long-term provisions	17	**83**	89
		329	341
Current liabilities			
Trade and other payables	18	**103**	100
Short-term provisions	19	**27**	30
Taxation	34	**6**	9
Overdrafts and short-term borrowings – interest bearing	20	**40**	58
		176	197
Liabilities directly associated with assets held for sale	12	**–**	90
Total equity and liabilities		**2 501**	2 472

US DOLLAR STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2018

CONVENIENCE TRANSLATION

	Notes	Group F2018 US$m	Group F2017 US$m
Continuing operations			
Revenue – continuing operations	23	**721**	663
Revenue – discontinued operations	23	**26**	44
Sales	23	**650**	600
Cost of sales	24	**(537)**	(511)
Gross profit		**113**	89
Other operating income	25	**119**	56
Other operating expenses	26	**(98)**	(129)
Profit from operations before special items		**134**	16
Income from investments	27	**14**	18
Finance costs	28	**(28)**	(31)
Profit/(loss) from associate	6	**48**	13
Income from joint venture	7	**273**	240
Profit before taxation and special items		**441**	256
Special items	29	**(3)**	(171)
Profit before taxation		**438**	85
Taxation	30	**(45)**	30
Profit for the year from continuing operation		**393**	115
Discontinued operation			
Loss after tax for the year from discontinued operation	12	**(17)**	(10)
Profit for the year		**376**	105
Attributable to:			
Equity holders of ARM			
Profit for the year from continuing operations		**370**	105
Loss for the year from discontinued operation		**(14)**	(4)
Basic earnings for the year		**356**	101
Non-controlling interest			
Profit for the year from continuing operations		**23**	10
Loss for the year from discontinued operation		**(3)**	(6)
		20	4
Profit for the year		**376**	105
Earnings per share	31		
Basic earnings per share (cents)		**186**	53
Basic earnings from continuing operations per share (cents)		**194**	55
Basic loss from discontinued operation per share (cents)		**(8)**	(2)
Diluted basic earnings per share (cents)		**181**	52
Diluted basic earnings from continuing operations per share (cents)		**188**	54
Diluted basic loss from discontinued operation per share (cents)		**(7)**	(2)

US DOLLAR STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

CONVENIENCE TRANSLATION

		Group					
	Notes	Available-for-sale reserve US$m	Other US$m	Retained earnings US$m	Shareholders of ARM US$m	Non-controlling interest US$m	Total US$m
For the year ended 30 June 2017							
Profit for the year to 30 June 2017		–	–	101	101	4	105
Profit for the year to 30 June 2017 from continuing operations		–	–	105	105	10	115
Loss for the year to 30 June 2017 from discontinued operations		–	–	(4)	(4)	(6)	(10)
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		(112)	–	–	(112)	–	(112)
Revaluation of listed investment	8	(144)	–	–	(144)	–	(144)
Deferred tax on above	16	32	–	–	32	–	32
Foreign currency translation reserve movement		–	(27)	–	(27)	–	(27)
Foreign currency translation reserve movement from discontinued operation		–	30	–	30	–	30
Total other comprehensive (loss)/income		(112)	3	–	(109)	–	(109)
Total comprehensive (loss)/income for the year		(112)	3	101	(8)	4	(4)
For the year ended 30 June 2018							
Profit for the year to 30 June 2018		**–**	**–**	**356**	**356**	**20**	**376**
Profit for the year to 30 June 2018 from continuing operations		**–**	**–**	**370**	**370**	**23**	**393**
Loss for the year to 30 June 2018 from discontinued operation		**–**	**–**	**(14)**	**(14)**	**(3)**	**(17)**
Other comprehensive (loss)/income that may be reclassified to the statement of profit or loss in subsequent periods							
Net impact of revaluation of listed investment		**(1)**	**–**	**–**	**(1)**	**–**	**(1)**
Revaluation of listed investment	8	**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Deferred tax on above	16	**1**	**–**	**–**	**1**	**–**	**1**
Premium on non controlling interest release		**–**	**1**	**–**	**1**	**–**	**1**
Foreign currency translation reserve movement from continuing operations		**–**	**9**	**–**	**9**	**–**	**9**
Foreign currency translation reserve movement from discontinued operation current year movement		**–**	**(6)**	**–**	**(6)**	**–**	**(6)**
Foreign currency translation reserve movement from discontinued operation current year reversed – included in sale of Lubambe		**–**	**6**	**–**	**6**	**–**	**6**
Foreign currency translation reserve movement from discontinued operation prior year – sold	12	**–**	**(51)**	**–**	**(51)**	**–**	**(51)**
Total other comprehensive loss		**(1)**	**(41)**	**–**	**(42)**	**–**	**(42)**
Total comprehensive (loss)/income for the year		**(1)**	**(41)**	**356**	**314**	**20**	**334**

US DOLLAR STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

CONVENIENCE TRANSLATION

		Group								
	Notes	Share capital and premium US$m	Treasury shares US$m	Available-for-sale reserve US$m	Share-based payments US$m	Other US$m	Retained Profit US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
Balance at 30 June 2016		288	(164)	131	60	40	1 267	1 622	52	1 674
Total comprehensive (loss)/income for the year		–	–	(112)	–	3	101	(8)	4	(4)
Profit for the year to 30 June 2017		–	–	–	–	–	101	101	4	105
Other comprehensive (loss)/income		–	–	(112)	–	3	–	(109)	–	(109)
Bonus and performance shares issued to employees	13	5	–	–	(5)	–	–	–	–	–
Dividend paid	31	–	–	–	–	–	(31)	(31)	–	(31)
Dividend paid to Impala Platinum		–	–	–	–	–	–	–	(21)	(21)
Share-based payments expense		–	–	–	15	–	–	15	–	15
Dividend reserve reversed in ARM BBEE Trust		–	–	–	–	–	1	1	–	1
Translation adjustment		36	(20)	12	8	6	161	203	7	210
Balance at 30 June 2017		**329**	**(184)**	**31**	**78**	**49**	**1 499**	**1 802**	**42**	**1 844**
Total comprehensive (loss)/income for the year		**–**	**–**	**(1)**	**–**	**(41)**	**356**	**314**	**20**	**334**
Profit for the year to 30 June 2018		**–**	**–**			**–**	**356**	**356**	**20**	**376**
Other comprehensive loss		**–**	**–**	**(1)**	**–**	**(41)**	**–**	**(42)**	**–**	**(42)**
Bonus and performance shares issued to employees	13	**9**	**–**	**–**	**(9)**	**(1)**	**–**	**(1)**	**–**	**(1)**
Dividend paid	31	**–**	**–**	**–**	**–**	**–**	**(133)**	**(133)**	**–**	**(133)**
Tamboti assets sale to Two Rivers (refer note 3)		**–**	**–**	**–**	**–**	**(8)**	**–**	**(8)**	**8**	**–**
Reclassification of foreign currency translation reserve included in loss on sale of Lubambe		**–**	**–**	**–**	**–**	**(6)**	**6**	**–**	**–**	**–**
Non-controlling interest derecognised on sale of Lubambe	12	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**64**	**64**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(20)**	**(20)**
Share-based payments expense		**–**	**–**	**–**	**16**	**–**	**–**	**16**	**–**	**16**
Translation adjustment		**(16)**	**9**	**(1)**	**(4)**	**–**	**(89)**	**(101)**	**(7)**	**(108)**
Balance at 30 June 2018		**322**	**(175)**	**29**	**81**	**(7)**	**1 639**	**1 889**	**107**	**1 996**

US DOLLAR STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

CONVENIENCE TRANSLATION

	Notes	Group F2018 US$m	Group F2017 US$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**716**	719
Cash paid to suppliers and employees		**(565)**	(601)
Cash generated from operations	33	**151**	118
Translation adjustment		**(13)**	7
Interest received		**12**	9
Interest paid		**(8)**	(18)
Taxation paid	34	**(33)**	(30)
		109	86
Dividends received from joint venture	7	**234**	183
		343	269
Dividend paid to non-controlling interest – Impala Platinum		**(20)**	(21)
Dividend paid to shareholders	31	**(133)**	(31)
Net cash inflow from operating activities		**190**	217
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(90)**	(70)
Dividends received from investments – Harmony		**2**	5
Proceeds on disposal of property, plant and equipment		**–**	1
Proceeds on disposal of investment	12	**58**	17
Net cash outflow from investing activities		**(30)**	(47)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings raised		**39**	–
Long-term borrowings repaid		**(58)**	(108)
Short-term borrowings raised		**2**	–
Short-term borrowings repaid		**(10)**	(29)
Net cash outflow from financing activities		**(27)**	(137)
Net increase in cash and cash equivalents		**133**	33
Cash and cash equivalents at beginning of year		**79**	46
Cash and cash equivalents at end of year	11	**212**	79
Cash generated from operations per share (US cents)	31	**79**	62

FINANCIAL SUMMARY (US DOLLAR)

for the year ended 30 June 2018

	Group										
	F2018 US$m	F2017 US$m	F2016 US$m	F2015 US$m	F2014 US$m	F2013 US$m	F2012 US$m	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m
Statement of profit or loss											
Sales	**650**	600	563	809	966	831	2 256	2 131	1 452	1 118	1 725
Headline earnings	**375**	235	72	152	397	423	444	483	226	257	550
Basic earnings/(loss) per share (US cents)	**186**	53	(18)	5	147	86	207	226	113	150	292
Headline earnings per share (US cents)	**197**	124	34	70	183	197	208	227	106	121	261
Dividend declared after year – end per share (US cents)	**55**	48	15	29	56	51	58	67	26	23	51
Statement of financial position											
Total assets	**2 501**	2 472	2 393	2 901	3 430	3 407	4 327	4 791	3 682	3 304	3 178
Cash and cash equivalents	**240**	114	90	186	202	198	437	543	396	455	340
Shareholders' equity	**1 996**	1 844	1 674	2 213	2 652	2 563	2 990	3 280	2 416	2 171	2 002
Statement of cash flows											
Cash generated from operations	**151**	118	85	219	200	177	768	857	451	739	709
Net cash outflow from investing activities	**(30)**	(47)	(54)	(174)	(118)	(195)	(525)	(484)	(306)	(346)	(330)
Net cash (outflow)/inflow from financing activities	**(27)**	(137)	(39)	(26)	(73)	54	22	(85)	(96)	(19)	(24)
JSE Limited performance											
Ordinary shares (US cents)											
– high	**1 098**	933	790	1 773	2 316	2 367	2 561	3 376	2 714	3 217	4 205
– low	**608**	493	238	710	1 380	1 574	2 046	2 092	1 542	842	1 414
– year end	**795**	644	627	680	1 759	1 508	2 035	2 788	2 099	1 683	3 576

SHAREHOLDER ANALYSIS

as at 30 June 2018

SHARES HELD

	Number of holders	% of total shareholders	Number of shares held	% of issued capital
1 – 1 000 shares	3 394	72.08	855 520	0.39
1 001 – 10 000 shares	821	17.43	2 709 847	1.23
10 001 – 100 000 shares	358	7.60	12 598 375	5.73
100 001 – 1 000 000 shares	110	2.34	32 004 258	14.57
1 000 001 shares and above	26	0.55	171 541 127	78.08
Total	**4 709**	**100.00**	**219 709 127**	**100.00**

DISTRIBUTION OF SHAREHOLDERS

	Excluding treasury shares		Including treasury shares	
	Number of shares held	%	Number of shares held	%
Black Economic Empowerment	105 115 597	50.78	105 115 597	47.84
Unit Trusts/Mutual Funds	38 646 330	18.67	38 646 330	17.59
Pension Funds	31 051 191	15.00	31 051 191	14.13
Other Managed Funds	8 447 591	4.08	8 447 591	3.85
Own shares	–	–	12 717 328	5.79
Insurance Companies	7 219 699	3.49	7 219 699	3.29
Trading Position	4 583 462	2.21	4 583 462	2.09
Sovereign Wealth	4 530 333	2.19	4 530 333	2.06
Exchange-Traded Funds	3 364 315	1.63	3 364 315	1.53
Private Investors	2 096 394	1.01	2 096 394	0.95
Hedge Funds	941 471	0.46	941 471	0.43
Custodians	555 490	0.27	555 490	0.25
Medical Aid Schemes	191 187	0.09	191 187	0.09
Charity	117 961	0.06	117 961	0.05
University	103 530	0.05	103 530	0.05
Delivery By Value (Collateral)	27 248	0.01	27 248	0.01
Total	**206 991 799**	**100.00**	**219 709 127**	**100.00**

* *Own shares refers to treasury shares held by the 100% ARM owned subsidiary Opilac Proprietary Limited.*

INVESTMENT MANAGEMENT INTEREST MORE THAN 3% (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments (Pty) Ltd	88 105 853	40.10
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.24
Opilac Proprietary Limited*	12 717 328	5.79
Kagiso Asset Management (Pty) Ltd	10 918 273	4.97
Government Employees Pension Fund (PIC)	10 381 784	4.73
Allan Gray Investment Council	9 692 781	4.41
Fairtree Capital (Pty) Ltd	8 205 224	3.73
Total	**155 918 655**	**70.97**

* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

SHAREHOLDER ANALYSIS continued

BENEFICIAL SHAREHOLDINGS MORE THAN 3% (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments	88 105 853	40.10
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.24
Government Employees Pension Fund (PIC)	13 579 584	6.18
Opilac Proprietary Limited*	12 717 328	5.79
Total	**130 300 177**	**59.31**

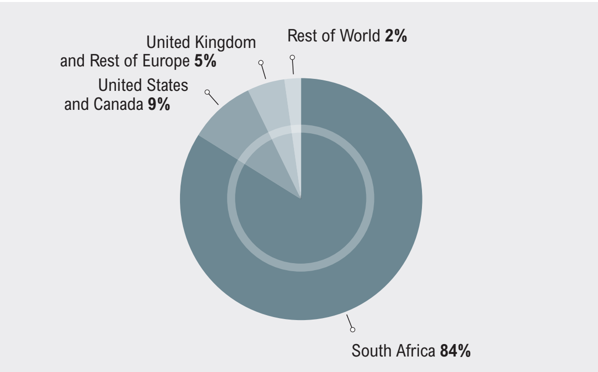
* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders*	12	0.25	118 802 413	54.07
Public shareholders	4 697	99.75	100 906 714	45.93
Total	**4 709**	**100.00**	**219 709 127**	**100.00**

* *Non-public shareholders consist of Directors (whose interests are set out in the table on page 11 of the Annual Financial Statements, the ARM Broad-Based Economic Empowerment Trust, Opilac Proprietary Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). The shares of ARMI and BBCE are held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Dr Motsepe and his immediate family.*

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS



TOP 20 SHAREHOLDERS

	Number of shares held	% holding of shares in issue
African Rainbow Minerals & Exploration Investments (Pty) Ltd	88 105 853	40.10
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.24
Opilac Proprietary Limited*	12 717 328	5.79
Kagiso Asset Management (Pty) Ltd	10 918 273	4.97
Public Investment Corporation (PIC)	10 381 784	4.73
Allan Gray (Pty) Ltd	9 692 781	4.41
Fairtree Capital (Pty) Ltd	8 205 224	3.73
Dimensional Fund Advisors	5 165 588	2.35
Sanlam Investment Management	4 523 060	2.06
STANLIB Asset Management	4 035 573	1.84
Momentum Investments	3 839 723	1.75
The Vanguard Group Inc	3 362 155	1.53
Investec Asset Management	2 988 216	1.36
RMB Morgan Stanley (Pty) Ltd	1 976 752	0.90
BlackRock Inc	1 869 864	0.86
LSV Asset Management	1 712 786	0.78
Centaur Asset Management (Pty) Ltd	1 288 631	0.59
Investec Securities (Pty) Limited	1 255 437	0.57
Botho-Botho Commercial Enterprises (Pty) Ltd	1 112 332	0.51
Invesco Ltd	1 099 113	0.50

* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

INVESTOR RELATIONS REPORT

ARM's primary listing is on the JSE Limited. The Company also has a sponsored Level 1 American Depositary Receipt (ADR) programme under the ticker symbol AFRBY which is available to investors for over-the-counter or private transactions.

SHARE INFORMATION

TICKER CODE	ARI
SECTOR	General Mining
NATURE OF BUSINESS	ARM is a diversified mining and minerals company with assets in ferrous metals, platinum group metals, thermal coal, nickel and copper. ARM holds an interest in the gold mining sector through its 14.6% shareholding in Harmony.
ISSUED SHARE CAPITAL AT 30 JUNE 2018	219 709 127 shares
MARKET CAPITALISATION AT 30 JUNE 2018	R23.97 billion
	US$1.75 billion
CLOSING SHARE PRICE AT 30 JUNE 2018	R109.10
12-MONTH HIGH (1 JULY 2017 – 30 JUNE 2018)	R140.97
12-MONTH LOW (1 JULY 2017 – 30 JUNE 2018)	R78.01
AVERAGE VOLUME TRADED FOR THE 12 MONTHS	645 758 shares per day

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING	Friday, 7 December 2018
FINANCIAL YEAR END	June 2019
INTEGRATED ANNUAL REPORT ISSUED	October 2018
INTERIM RESULTS ANNOUNCEMENT	March 2019
PROVISIONAL RESULTS ANNOUNCEMENT	September 2019

SHARE LIQUIDITY

Number of shares traded on the JSE Limited during F2018

Month	Volumes
July 2017	**17 220 438**
August 2017	**15 353 541**
September 2017	**23 346 892**
October 2017	**18 837 270**
November 2017	**13 788 753**
December 2017	**11 693 320**
January 2018	**11 494 262**
February 2018	**8 140 281**
March 2018	**14 356 790**
April 2018	**11 826 707**
May 2018	**8 001 582**
June 2018	**7 379 732**
Total	**161 439 568**

Source: JSE Limited.

CONTACT DETAILS

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045

Registered and Corporate Office

ARM House
29 Impala Road
Chislehurston
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Website: **www.arm.co.za**

Company Secretary

Alyson D'Oyley, BCom, LLB, LLM
Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: cosec@arm.co.za

Business Development

Stompie Shiels
Executive: Business Development
Telephone: +27 11 779 1476
Fax: +27 11 779 1312
E-mail: stompie.shiels@arm.co.za

Investor Relations

Jongisa Magagula
Corporate Development and Head of Investor Relations
Telephone: +27 11 779 1507
Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditor: Deloitte & Touche Inc.

Bankers

ABSA Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Investec Bank Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Directors

Dr P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold**
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*
W M Gule*
A K Maditsi*
H L Mkatshana
A M Mukhuba
J P Möller*
D C Noko*
Dr R V Simelane*
J C Steenkamp**
Z B Swanepoel*
A J Wilkens

* *Independent Non-executive*
** *Non-executive*

Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids epidemic in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

STUDIO 5

African Rainbow Minerals

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