African Rainbow Minerals Limited
Incorporated in the Republic of South Africa
Registration number 1933/004580/06
ISIN code: ZAE000054045

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Shareholder information

Issued share capital at 31 December 2017	219 691 837 shares
Market capitalisation at 31 December 2017	ZAR29.5 billion
Market capitalisation at 31 December 2017	US$2.4 billion
Closing share price at 31 December 2017	R134.24
Six-months high (1 July 2017 - 31 December 2017)	R140.97
Six-months low (1 July 2017 - 31 December 2017)	R78.01
Average daily volume traded for the six months	795 558 shares
Primary listing	JSE Limited
JSE Share Code	ARI
ADR ticker symbol	AFRBY

Investor relations

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Salient features

- Headline earnings increased by 15% to R1 945 million compared to R1 693 million in the corresponding period (1H F2017).
  Headline earnings per share were 1 023 cents (1H F2017: 893 cents).

- Maiden interim dividend of 250 cents per share declared.

- Basic earnings were R1 753 million (1H F2017: R254 million basic loss). The basic loss in 1H F2017 included an attributable impairment of the Nkomati Mine and Modikwa Mine assets of R711 million and R734 million after tax and non-controlling interest, respectively.

- Higher US Dollar prices were realised for all commodities in ARM's portfolio except iron ore, platinum and chrome concentrate. The average realised Rand/US Dollar exchange rate strengthened by 4% to R13.39/US$ (1H F2017: R13.98/US$).

- Disposal of ARM and Vale's 80% interest in Lubambe Mine was completed on 22 December 2017.
- ARM's interest in Two Rivers Mine increased to 54% from 9 November 2017 after the mine's amended mining right was executed by the Department of Mineral Resources (DMR).

- Cash dividends received from the Assmang joint venture were R1 000 million
  (1H F2017: R988 million).
  Since the period end, ARM received a cash dividend of R2 000 million from Assmang
  (in February 2018).

- Net debt reduced to R1 102 million (31 December 2016: R3 508 million).

Overview

The ARM Board of Directors (the Board) announces a 15% increase in headline earnings for the six months ended 31 December 2017 to R1 945 million (1H F2017: R1 693 million). This increase was mainly as a result of improved headline earnings from the Manganese Division, ARM Coal, Modikwa Mine and ARM Copper.

As part of ARM's commitment to shareholder returns, ARM declared a maiden interim dividend of 250 cents per share.

ARM Ferrous headline earnings from continuing operations of R1 765 million were 26% higher (1H F2017: R1 401 million) driven mainly by a 131% increase in headline earnings from the Manganese Division. Significant improvement in the Manganese Division's earnings was mainly due to increased manganese ore and alloy sales volumes, proportionately more high-grade manganese ore being sold (which resulted in higher average realised manganese ore prices) as well as a 69% increase in manganese alloy prices.

ARM Ferrous headline earnings (including discontinued operations) of R 1 779 million in 1H F2017 included a non-recurring amount of R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Mine (which was disclosed as a discontinued operation in 1H F2017).

ARM Platinum headline earnings increased by 26% to R226 million (1H F2017: R179 million) as Modikwa Mine improved from a headline loss of R54 million in 1H F2017 to headline earnings of R36 million. Two Rivers Mine headline earnings were 16% lower at R173 million (1H F2017: R205 million) mainly as a result of a decrease in PGM volumes due to a reduction in grades at the mine. Nkomati Mine reported reduced headline earnings as a result of lower sales volumes due to shipment delays. Chrome concentrate sales volumes at Nkomati Mine increased by 105%, however, the average US Dollar price realised for chrome concentrate was 62% lower.

ARM Coal headline earnings were R160 million (1H F2017: R99 million). Goedgevonden (GGV) Mine contributed headline earnings of R35 million (1H F2017: R26 million headline loss) while the PCB operations contributed headline earnings of R125 million (1H F2017: R125 million).

ARM Copper, which is disclosed as a discontinued operation in the period under review, recorded a headline loss of R6 million for the period (1H F2017: R72 million headline loss).

The ARM Corporate and other segment showed an improved headline loss of R200 million (1H F2017: R292 million). The improvement is mainly made up of:

- a decrease in foreign exchange losses of R145 million on the revaluation of ARM's US Dollar loans to Lubambe Mine prior to and on the disposal of Lubambe Mine;
- R60 million lower bonus provision raised; and
- higher management fee income of R28 million.

The above was partly offset by a R170 million higher income tax expense recorded for 1H F2017.

The ARM Corporate and other segment includes ARM Exploration costs of R10 million (1H F2017: R12 million).

Headline earnings by division/operation

	six months ended 31 December		
	2017	2016	
R million		Re-presented	% change
ARM Platinum	226	179	26
Two Rivers Mine	173	205	(16)

Modikwa Mine	36	(54)	
Nkomati Mine	17	28	(39)
ARM Ferrous	1 765	1 779	(1)
Iron Ore Division	873	1 023	(15)
Manganese Division	872	378	131
Chrome Division*	(9)	374	(102)
Consolidation adjustment	29	4	
ARM Coal	160	99	62
Goedgevonden Mine	35	(26)	
PCB Operations	125	125	-
ARM Copper	(6)	(72)	92
ARM Corporate and other**	(200)	(292)	32
Headline earnings	1 945	1 693	15
Headline earnings from continuing operations	1 951	1 387	41
Headline earnings from discontinued operations	(6)	306	(102)

* The 1H F2017 Chrome Division headline earnings include R378 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Chrome Mine.

** The 1H F2017 results have been re-presented following the classification of Lubambe Mine as an asset held for sale. As such, intercompany interest accrued to ARM Company from Lubambe Mine of R130 million (1H F2017: R106 million) has been eliminated from both ARM Copper and Corporate and other segments.

These results have been achieved in conjunction with ARM's partners at the various operations, Anglo American Platinum Limited (Anglo Platinum), Assore Limited (Assore), Impala Platinum Holdings Limited (Implats), Norilsk Nickel Africa (Pty) Ltd (Norilsk), Glencore South Africa (Glencore), Vale S.A. (Vale) and Zambian Consolidated Copper Mines Investment Holdings (ZCCM-IH).

The interim results for the six months ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

Rounding of figures may result in minor computational discrepancies on the tabulations.

Operating safely

ARM is committed to creating a safe and healthy work environment for all employees.

Regrettably an employee, Mr Fabian Majoro, was fatally injured when he was exposed to irrespirable atmosphere underground at Modikwa Mine on 9 October 2017. The Board and management express their sincerest condolences to the family, friends and colleagues of Mr Majoro. Prior to this accident, ARM's operations had been fatality-free since May 2015.

The Lost Time Injury Frequency Rate (LTIFR) for 1H F2018 was 0.41 per 200 000 man-hours (1H F2017: 0.33). There were 51 Lost Time Injuries (LTIs) for the six months under review compared to 37 in the corresponding period.

Safety achievements in the period under review:

- On 3 July 2017, Modikwa Mine completed 4 million fatality-free shifts.
- On 18 August 2017, Two Rivers Mine completed 4 million fatality-free shifts.
- On 18 October 2017, Beeshoek Mine recorded 16 000 fatality-free production shifts and received a certificate from the DMR for an outstanding safety achievement as the "Most Consistent Surface Mine" in the 2017 Northern Cape Mine Safety Competition.
- On 7 November 2017, Nkomati Mine achieved 6 million fatality-free shifts.

Safety figures and statistics in this report are presented on a 100% basis and exclude the ARM Coal operations which are managed by ARM's partner.

Corporate transactions

The disposal of Lubambe Mine was completed on 22 December 2017 when all conditions precedent were met. Lubambe Mine is disclosed as a discontinued operation in terms of IFRS. The 1H F2017 Income Statement has, therefore, been re-presented.

The 1H F2017 results included income from the discontinued chrome operation relating to the sale of ARM's effective 50% interest in Dwarsrivier Mine. Machadodorp Works is the only remaining operation in Assmang's Chrome Division.

Further to the consent received by Two Rivers Mine during August 2017 (i) to transfer the Tamboti rights to it, and (ii) to have Two Rivers Mine's mining right amended accordingly, the amended mining right was executed. This resulted in ARM's interest in Two Rivers Mine increasing from 51% to 54% from 9 November 2017.

Restructuring loss-making operations

Lubambe Mine

The total cash proceeds, in respect of the disposal of ARM and Vale's 80% interest in Lubambe Mine was US$97.10 million adjusted for:

- settlement of Lubambe Mine's general banking facility of US$26 million;
- payment of property transfer tax of US$10 million;
- payment of withholding tax of US$5 million; and
- reimbursement of funding provided to Lubambe Mine after 1 May 2017 of US$25 million.

The final proceeds were received by ARM and Vale in December 2017. Refer to note 12 to the financial statements for more details.

Nkomati Mine

Nkomati Mine headline earnings were 39% lower than the corresponding period mainly as a result of reduced sales volumes due to shipping delays. Nkomati Mine's tonnes milled increased by 14% to 4.08 million tonnes. Nickel units produced were, however, only 2% higher as insufficient availability of high-grade MMZ ore and the processing of Very Low Grade (VLG) MMZ stockpile material resulted in a reduction of the mine's head grade from 0.28% to 0.24%. Nickel produced was 6 733 tonnes (1H F2017: 6 627 tonnes) while by-products PGM and copper volumes increased by 37% and 38% respectively.

As previously reported, Nkomati Mine is in a challenging period which is expected to continue until the end of F2020. Increased waste stripping is required to increase mining flexibility and the pit requires piling work to improve slope stability. Construction of pile wall 2 in the Western Section to improve slope stability was completed in the period under review and the mine continues to progress with buttressing work. Waste stripping continues to be a challenge. In the period under review waste mined was lower than planned at 11 million tonnes due to rescheduling and reallocation of equipment between the Eastern and Western sections of the pit. Waste stripping is expected to remain challenging at an annualised rate of approximately 23 million tonnes per annum (compared to the 27 million tonnes per annum required to ensure mining flexibility). This is expected to impact nickel volumes to F2020.

Modikwa Mine

Modikwa Mine headline earnings of R36 million represent a turnaround from the R54 million headline loss reported for 1H F2017. Modikwa Mine delivered a 16% increase in PGM volumes.

The South 2 Shaft Project is advancing well. The first phase of the project is expected to enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project has been completed and is expected to take the production capacity to 50 000 tonnes of ore per month by F2019.

ARM Coal

Negotiations with Glencore to restructure the ARM Coal debt to improve ARM's obligations in terms of these loans are ongoing.

Changes to Mineral Resources and Mineral Reserves

There has been no material change to ARM's Mineral Resources and Reserves as disclosed in the Integrated Annual Report for the financial year ended 30 June 2017, other than depletion due to continued mining activities at the operations with the exception of:

- Lubambe Mine Mineral Resources and Mineral Reserves which are no longer reported by ARM after completion of the disposal of ARM's interest in December 2017.
- Two Rivers Mine, where the transfer of Tamboti Platinum (Kalkfontein RE portion) was completed in November 2017. The Mineral Resources and Mineral Reserves of the Kalkfontein RE portion will now be reported as part of Two Rivers Mine, and in terms of the agreement, ARM's attributable interest in Two Rivers Mine will increase from 51% to 54%.

An updated Mineral Resources and Mineral Reserves Statement will be issued in the Company's F2018 Integrated Annual Report.

Financial commentary

Earnings

Headline earnings for the six-month period to 31 December 2017 were R1 945 million or 15% higher than the corresponding period's headline earnings (1H F2017: R1 693 million). This equates to headline earnings per share of 1 023 cents (1H F2017: 893 cents).

Basic earnings for 1H F2018 were R1 753 million (1H F2017: R254 million basic loss) and were impacted by an after-tax and non-controlling interest loss on the disposal of Lubambe Mine of R179 million. The 1H F2017 basic loss included:

- an attributable impairment of the Nkomati assets of R711 million after tax;
- an attributable impairment of the Modikwa assets of R734 million after tax and non-controlling interest; and
- an impairment loss of R422 million within the Assmang joint venture related to the sale of Dwarsrivier Mine.

The reconciliation of basic earnings to headline earnings is provided in note 8 to the financial statements. Basic earnings per share increased from a basic loss of 134 cents to basic earnings of 922 cents.

Sales from continuing operations for the reporting period were 2% higher in 1H F2018 at R4 260 million (1H F2017: R4 176 million). Sales for ARM Ferrous increased by 12% to R6 816 million (1H F2017: R6 088 million).

The average gross profit margin increased to 19% (1H F2017: 16%). The gross profit margins achieved at each operating division may be ascertained from the detailed segment reports provided in note 2 to the financial statements.

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations, excluding special items and income from associates and joint ventures, were R999 million (1H F2017: R693 million). This is 44% (R306 million) higher than 1H F2017, largely as a result of higher EBITDA contributions from ARM Platinum (R16 million), ARM Coal (R93 million) and ARM Corporate (R230 million), respectively.

The income from joint venture (ARM Ferrous) was R1 765 million (1H F2017: R1 356 million) after special items and is 30% higher than the corresponding period. The detailed and expanded segmental contribution analysis is provided in note 2 to the financial statements.

Exchange rate

The 1H F2018 average Rand/US Dollar was R13.39/US$ (1H F2017: R13.98/US$). For reporting purposes, the closing exchange rate at 31 December 2017 was R12.29/US$ (31 December 2016: R13.73/US$).

Cash

At 31 December 2017 cash and cash equivalents were R1 919 million (31 December 2016: R1 335 million) the details of which are reflected in note 5 to the financial statements. This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 198 million (31 December 2016: R2 588 million).

Dividends paid to ARM shareholders in October 2017 were R1 236 million (1H F2017: R426 million).

Capital expenditure was 23% (R114 million) higher at R603 million for the period (1H F2017: R489 million). Attributable capital expenditure at the Assmang joint venture was flat at R558 million (1H F2017: R555 million).

Debt

Gross debt at the end of the period was 38% lower than the corresponding period at R3 021 million (31 December 2016: R4 843 million). This was mainly due to a reduction in the amount owing on the ARM Corporate facility as well as the discontinued consolidation of the Vale/ARM joint operation loans following the disposal of Lubambe Mine. There was no debt at ARM Ferrous at 31 December 2017 (31 December 2016: nil).

The decrease in gross debt coupled with the proceeds received from the disposal of investments of R741 million resulted in a reduced net debt at 31 December 2017 of R1 102 million (31 December 2016: R3 508 million).

Assets

The consolidated ARM total assets of R32.5 billion (1H F2017: R31.7 billion) include ARM's investment in Harmony on 31 December 2017 of R1 444 million (31 December 2016: R2 006 million). Harmony's share price was R22.69 per share at 31 December 2017 (31 December 2016: R31.53 per share, 30 June 2017: R21.68 per share and 30 June 2016: R52.47 per share).

Events after the reporting date

Events after the reporting date are set out in note 16 to the financial statements. Since 31 December 2017, ARM received a dividend of R2 000 million from Assmang.

ARM Ferrous

ARM Ferrous headline earnings from continuing operations were 26% higher from R1 401 million in 1H F2017 to R1 765 million. This increase was primarily due to a 131% increase in the Manganese Division headline earnings as a result of:

- a 10% increase in manganese ore sales volumes;
- proportionately more high-grade manganese ore being sold after the completion of the Ncwhaning II Shaft upgrade which resulted in a 24% increase in average realised US Dollar prices for export manganese ore;
- 17% increase in manganese alloy sales volumes as Sakura Ferroalloys Project ramped up; and
- a 69% increase in manganese alloy prices.

Headline earnings (including discontinued operations) were 1% lower at R1 765 million (1H F2017: R1 779 million) as the 1H F2017 headline earnings included R378 million relating to the sale of ARM's effective 50% interest in Dwarsrivier Chrome Mine (which was disclosed as a discontinued operation in 1H F2017).

Average realised US Dollar prices for export iron ore were flat compared to 1H F2017.

ARM Ferrous headline earnings (on 100% basis)

	six months ended 31 December		
R million	2017	2016	% change
Iron ore division	1 746	2 049	(15)
Manganese division	1 743	756	131
Chrome division*	(18)	748	(102)
Total	3 471	3 553	(2)
ARM share	1 736	1 775	(2)
Consolidation adjustments	29	4	

Headline earnings attributable to ARM	1 765	1 779	(1)

* The 1H F2017 chrome division headline earnings include R756 million relating to the sale of ARM's effective 50% stake in the Dwarsrivier Chrome Mine.

Higher sales volumes across all the Ferrous commodities also contributed positively to headline earnings.

Iron ore sales volumes were 4% higher at a record 9.1 million tonnes (1H F2017: 8.8 million). Of the 9.1 million tonnes sold, 7.4 million tonnes were exported and 1.7 million tonnes were sold locally. The rail link established from Beeshoek Mine to the Saldanha Export Channel has created additional flexibility for Beeshoek Mine to access the export market.

Manganese ore sales volumes increased by 10% from 1.4 million tonnes in 1H F2017 to 1.6 million tonnes in 1H F2018. Of the 1.6 million tonnes sold 1.5 million tonnes were exported. Production volumes at Black Rock Mine increased by 43% as the Nchwaning II Shaft returned to full production after being out of commission for the entire duration of 1H F2017 as part of the shaft's refurbishment.

Total manganese alloy sales volumes increased by 17% to 162 thousand tonnes (1H F2017: 139 thousand tonnes) as the Sakura Ferroalloys Project (Sakura) ramped up. Manganese alloy production at Sakura increased from 68 thousand tonnes to 122 thousand tonnes as both furnaces became fully operational. Good operational management and improved availability of furnaces also contributed positively to production volumes at this operation.

At Cato Ridge Works, alloy production increased by 2% to 68 thousand tonnes, however, sales volumes were 35% lower at 57 thousand tonnes as spot sales from Cato Ridge Works were held back in 1H F2018 to enable the plant to deliver on contract sales to consignment customers in the United States. Due to this, consignment stocks were high at 31 December 2017. These stocks are all committed and contracted to be sold.

Machadodorp Works is currently only recovering ferrochrome from the slag dump through the metal recovery plant and will start to recover ferromanganese from the slag dumps.

ARM Ferrous sales volumes (on 100% basis)

	six months ended 31 December		
Thousand tonnes	2017	2016	% change
Iron ore*	9 121	8 805	4
Manganese ore*	1 556	1 417	10
Manganese alloys (local)	57	97	(41)
Manganese alloys (Sakura)	105	42	150

* Excluding intra-group sales.

ARM Ferrous production volumes (on 100% basis)

	six months ended 31 December		
Thousand tonnes	2017	2016	% change
Iron ore	9 143	8 641	6
Manganese ore	1 865	1 306	43
Manganese alloys (Local)	68	67	1
Manganese alloys (Sakura)	122	68	79

Unit production costs at all the Ferrous operations continue to be under pressure mainly owing to increases in the costs of labour, electricity and raw materials. Various cost saving initiatives continue to be implemented.

On-mine unit production costs at the iron ore operations were well managed. On-mine unit production costs at Khumani Mine were kept flat at R201 per tonne compared to the corresponding period while Beeshoek Mine achieved a 5% reduction in on-mine unit production costs.

Black Rock on-mine unit production costs increased by 23% from R434 per tonne in 1H F2017 to R534 per tonne in 1H F2018. On-mine unit production costs had reduced by 11% from R489 per tonne in 1H F2016 to R434 per tonne in 1H F2017 mainly due to the exclusion of fixed costs of R188 million from on-mine production costs. The R188 million was not included in on-mine production costs as Nchwaning II Shaft was closed for the entire duration of 1H F2017, the on-mine production costs therefore could not be attributed directly to production volumes due to the shaft closure.

The mine's 1H F2018 total on-mine production costs were 76% higher compared to 1H F2017 while production volumes were 43% higher compared to the previous period.

The increase in Black Rock Mine unit cost of sales was below inflation at 5%.

ARM Ferrous cost and EBITDA margin performance

Commodity group	Unit cost of sales* % change	On-mine unit production cost* % change	EBITDA margin %
Iron ore	9	(1)	38
Manganese ore	5	23	44
Manganese alloys	(12)	23	26

* Brackets refer to a decrease in unit costs while no brackets refer to an increase in unit costs in the above table.

At Beeshoek Mine, the capital expenditure was R182 million, mainly due to waste-rock removal from the Village Pit as well as replacement of mining equipment. Khumani Mine's capital expenditure was R426 million, consisting mainly of waste stripping at King Pit, infill drilling, and replacement of mining equipment and fleet.

At Black Rock Mine, capital expenditure was R540 million, consisting mainly of the Black Rock Project, fire protection, finalising the construction of the Hotazel Rail Link line and replacement of mining equipment and fleet.

ARM Ferrous capital expenditure (on 100% basis)

	six months ended 31 December	
R million	2017	2016
Iron ore	609	368
Manganese	557	786
Total	1 166	1 154

Projects

Black Rock Project

The modernisation project at Black Rock Mine is continuing on time and within budget. Ramp up of production volumes from the project will proceed as planned in close synchronisation with Transnet.

The new load-out facility and rail loop system have been completed and are being commissioned.

The underground silo and the Graben conveyor system at Nchwaning II Shaft is still under construction and is progressing as planned. The underground work will take a further 24 months to complete where after an increase in production output from Nchwaning II Shaft can be expected.

Logistics

Assmang's manganese ore export volumes are fully contracted with Transnet for F2018 and F2019 through both the Port Elizabeth and Saldanha export channels. In terms of the long-term allocation, Assmang is in ongoing negotiations with Transnet to synchronise the ramp up of Black Rock Mine with the medium- and longer-term (MECA2 and MECA3) Transnet capacity process.

Transnet provided the regular service on the iron ore export supply route from the Khumani Mine to the Port of Saldanha.

Assmang continued to support a junior iron ore producer and exporter by loading rail wagons at its Khumani Mine load-out facility.

The ARM Ferrous operations, held through its 50% investment in Assmang, consist of three divisions: iron ore, manganese and chrome. Assore Limited, ARM's partner in Assmang, owns the remaining 50%.

ARM Platinum

ARM Platinum's attributable headline earnings increased by 26% to R226 million (1H F2017: R179 million), mainly as a result of a sharp rise in the Rand palladium (34%), rhodium (72%) and copper (26%) prices and improved volumes from Modikwa Mine.

ARM Platinum attributable headline earnings

	six months ended 31 December		
R million	2017	2016	% change
Two Rivers	173	205	(16)
Modikwa	36	(54)	
Nkomati	17	28	(39)
Headline earnings attributable to ARM	226	179	26

US Dollar and Rand prices for platinum and chrome were lower than the corresponding period. Due to Modikwa Mine's higher palladium content, the average Rand per 6E kilogram basket price increased by 13% to R375 776/kg (1H F2017: R333 388/kg), whereas the average basket price at Two Rivers Mine increased by 9% to R365 825/kg (1H F2017: R335 433/kg).

The tables below set out the relevant price comparison:

Average US Dollar metal prices

		average for the six months ended 31 December		
	unit	2017	2016	% change
Platinum	US$/oz	936	1 013	(8)
Palladium	US$/oz	947	676	40
Rhodium	US$/oz	1 199	667	80
Gold	US$/oz	1 277	1 257	2
Nickel	US$/t	11 213	10 270	9
Copper	US$/t	6 690	5 081	32
UG2 chrome concentrate - Two Rivers (CIF*)	US$/t	159	209	(24)
High sulphur chrome concentrate - Nkomati (FOT**)	US$/t	69	175	(61)

* CIF refers to Cost, Insurance and Freight.
** FOT refers to Free On Truck.

Average Rand metal prices

		average for the six months ended 31 December		
	unit	2017	2016	% change
Exchange rate		13.39	13.98	(4)
Platinum	R/oz	12 538	14 157	(11)
Palladium	R/oz	12 677	9 444	34
Rhodium	R/oz	16 050	9 329	72
Gold	R/oz	17 095	17 575	(3)
Nickel	R/t	150 145	143 576	5
Copper	R/t	89 577	71 039	26
UG2 chrome concentrate - Two Rivers (CIF*)	R/t	2 130	2 920	(27)
High sulphur chrome concentrate - Nkomati (FOT**)	R/t	920	2 443	(62)

* CIF refers to Cost, Insurance and Freight.
** FOT refers to Free On Truck.

Lower PGM production at Two Rivers Mine (14%) was offset by an increase at Modikwa Mine (16%) and Nkomati Mine (37%), resulting in ARM Platinum's PGM ounces (on a 100% basis) improving by 3% to 422 104 6E ounces (1H F2017: 407 846 6E ounces).

Nkomati Mine's nickel production increased slightly to 6 733 tonnes (1H F2016: 6 627 tonnes) as a result of higher tonnes milled (14%) and improved recoveries at the PCMZ concentrator plant. Nickel sales were however 31% lower than the corresponding period due to shipping delays in December 2017.

Unit production costs were well controlled at Modikwa and Nkomati mines with both mines achieving below inflation unit cost increases. Unit production costs at Two Rivers Mine were flat on a Rand per tonne basis but increased by 14% on a Rand per PGM ounce basis, mainly as a result of the lower PGMs produced due to grade decline.

Capital expenditure at ARM Platinum operations (on a 100% basis) decreased by 10% to R644 million (1H F2017: R718 million).

At Modikwa Mine, the North Shaft execution project recommenced in September 2017. The development team took delivery of re-built equipment and development commenced in November 2017. This resulted in Modikwa Mine's capital expenditure increasing by 36% to R218 million (1H F2017: R160 million).

Of the capital spent at Two Rivers Mine, 24% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 60% of the total capital expenditure.

Nkomati Mine's capital expenditure was mainly for the replacement of the Onverwacht Tails line (R51 million), as well as continued construction of the second anchored pile wall (R24 million). Capitalised waste stripping costs decreased by R250 million or 69% due to rescheduling and reallocation of equipment between the Eastern and Western sections. Waste stripping was also negatively affected by constraints in the pit as the Western Section was being stabilised with pile wall 2 construction. The mine is continuing with buttressing work in the area. Waste stripping volumes were 11 million tonnes in 1H F2018 and will be accelerated in the last quarter of F2018 to an annualised rate of 23 million tonnes. The mine has re-evaluated the accelerated waste stripping plan and reduced planned waste stripping volumes to 23 million tonnes per annum. This is expected to impact nickel volumes produced in the current financial year, F2019 and F2020.

ARM Platinum capital expenditure (on 100% basis)

	six months ended 31 December	
R million	2017	2016
Modikwa	218	160
Two Rivers	226	175
Nkomati	86	19
Nkomati capitalised waste stripping	114	364
Total	644	718

Two Rivers Mine

Headline earnings at Two Rivers Mine reduced by 16% to R173 million (1H F2017: R205 million). A 2% decrease in tonnes milled and an 8% reduction in grade, led to PGMs produced declining by 14% to 178 702 6E ounces (1H F2017: 207 147 6E ounces).

The decrease in tonnes milled can be ascribed to a two-day safety-related stoppage at the plant while the decline in head grade is largely attributed to an increase in split reef proportion in the ore mix following the depletion of normal reef in the upper levels of both the Main and North declines. There is currently limited flexibility in blending the ore from split reef and normal reef sources due to face length constraints at Main Decline. Thick areas of split reef are expected to continue affecting the overall mining grade negatively for the next 14 months, resulting in overall mining grades being between 3.70 and 3.80 6E grams per tonne (1H F2017: 3.85 6E grams per tonne). To mitigate the declining grade, there is a drive to increase mining volumes from high-grade panels to enhance the ore mix as well as undercutting the internal waste wherever practically possible.

An attempt to scalp internal waste, both underground and on surface, by means of burden controls within the UG2 internal waste band and the 'waste scalper screen', has shown very limited improvement in grade due to the nature of fragmentation of internal waste (i.e. finer fragmentations).

The accelerated sinking at the Main Decline into the Tamboti area is in progress after the Two Rivers Mine amended mining right, including the Tamboti mining rights was executed by the DMR from 9 November 2017.

Chrome sales volumes decreased as a result of lower tonnes milled and lower grade. This, combined with a 27% decline in the Rand chrome price, resulted in chrome cash operating profit declining by 53% to R102 million (1H F2017: R218 million). Chrome concentrate sales volumes declined by 19% to 115 657 tonnes as a result of a lower chrome yield, a direct consequence of the lower PGM grade.

Unit production costs on a Rand per tonne milled basis were flat at R694 per tonne (1H F2017: R692 per tonne). The Rand per PGM ounce produced, however, increased by 14% to R6 655 per 6E ounce (1H F2017: R5 838 per 6E ounce), primarily as a direct result of the decline in PGM ounces produced due to the low grade. These unit production costs were flat compared to 2H F2017 which were R6 599 per 6E ounce. There was a 56 222 tonne decrease in the UG2 Run-of-Mine stockpile to a total of 251 663 tonnes of ore as at 31 December 2017.

Two Rivers Mine operational statistics (on 100% basis)

		six months ended 31 December		
	unit	2017	2016	% change
Cash operating profit	R million	681	783	(13)
- PGMs	R million	580	565	3
- Chrome	R million	102	218	(53)
Tonnes milled	Mt	1.71	1.75	(2)
Head grade	g/t, 6E	3.70	4.03	(8)
PGMs in concentrate	Ounces, 6E	178 702	207 147	(14)
Chrome concentrate sold	Tonnes	115 657	142 721	(19)
Average basket price	R/kg, 6E	365 825	335 433	9
Average basket price	US$/oz, 6E	850	746	14
Cash operating margin	%	35	37	
Cash cost	R/kg, 6E	213 971	187 685	14
Cash cost	R/tonne	694	692	0
Cash cost	R/Pt oz	14 253	12 505	14
Cash cost	R/oz, 6E	6 655	5 838	14
Cash cost	US$/oz, 6E	497	418	19
Headline earnings attributable to ARM	R million	173	205	(16)

Modikwa Mine

Modikwa Mine achieved attributable headline earnings of R36 million (1H F2017: R54 million headline loss). A 21% (216 thousand tonnes) increase in tonnes milled, offset by a 6% decrease in head grade, resulted in PGM production increasing by 16% to 175 899 6E ounces (1H F2017: 151 562 6E ounces). Of the 1.24 million tonnes milled, 94 thousand tonnes were purchased from Mototolo Platinum Mine. Modikwa Mine is working on a plan to reduce dilution and improve the grade.

Unit production costs increased by 3%, to R8 832 per 6E PGM ounce (1H F2017: R8 559 per 6E PGM ounce) and were lower on a Rand per tonne basis at R1 258 per tonne (1H F2017: R1 273 per tonne).

Production ramp up at South 2 Shaft has been slower than expected, however an upward trend has commenced particularly in the last quarter of the financial year. The focus remains on ramping production up at this shaft.

Modikwa Mine operational statistics (on 100% basis)

		six months ended 31 December		
	unit	2017	2016	% change
Cash operating profit/(loss)	R million	200	(61)	
Tonnes milled	Mt	1.24	1.02	21

Head grade	g/t, 6E	5.15	5.45	(6)
PGMs in concentrate	Ounces, 6E	175 899	151 562	16
Average basket price	R/kg, 6E	375 776	333 388	13
Average basket price	US$/oz, 6E	873	742	18
Cash operating margin	%	12	(5)	
Cash cost	R/kg, 6E	283 964	275 163	3
Cash cost	R/tonne	1 258	1 273	(1)
Cash cost	R/Pt oz	22 548	22 084	2
Cash cost	R/oz, 6E	8 832	8 559	3
Cash cost	US$/oz, 6E	660	612	8
Headline earnings/(loss) attributable to ARM	R million	36	(54)	

Nkomati Mine

Nkomati Mine generated attributable headline earnings of R17 million (1H F2017: R28 million) for the period under review. The decline in earnings is due to lower nickel sales volumes (4 178 tonnes vs 6 079 tonnes) and a 62% decline in the Rand chrome price. Nkomati Mine had 11 thousand tonnes of nickel concentrate in stock as at 31 December 2017 due to shipping delays. The shipping schedule is expected to be back on track by April 2018. The shipping logistics are managed by Metals Trade Overseas AG.

Despite chrome concentrate sales volumes increasing by 105% to 198 928 tonnes (1H F2017: 96 821 tonnes), the chrome contribution to cash operating profit reduced by 27% to R118 million (1H F2017: R161 million) as a result of the lower chrome price realised.

Nkomati Mine's total tonnes milled increased by 14% to 4.08 million tonnes. Nickel units produced however, improved by only 2% to 6 733 tonnes (1H F2017: 6 627 tonnes). The main reasons for this are:

- Pit 3 mining operations remain constrained as a result of the historical mining inefficiencies and geotechnical issues, resulting in insufficient MMZ ore availability during the reporting period.
- Approximately 1 million tonnes of VLG MMZ stockpile material was processed during the period to complement the shortfall of MMZ, ensuring that both mills are operating at maximum capacity. The VLG MMZ material, with an average nickel grade of 0.17%, resulted in the average mill feed grade declining by 15%.
- The VLG material and MMZ ore contained significantly more PGMs and copper than anticipated, resulting in the production of these metals increasing by 37% and 38%, respectively, when compared to the period. The by-product content of this material is being evaluated as the mine continues to process more of it.
- Waste stripping on the Western Section of the pile wall commenced on 1 October 2017. A saprolite failure occurred which resulted in the mine having to re-evaluate the accelerated waste stripping plan. Planned waste stripping has therefore reverted back to the old life-of-mine plan. Waste stripping of 23 million tonnes per annum is planned which is expected to impact nickel volumes from F2018 to F2020.

Nkomati Mine's on-mine unit production cost (excluding capitalised waste stripping) was 22% higher at R311 per tonne (1H F2017: R254 per tonne). The reduction in waste stripping volumes (as discussed above) resulted in unit cost per tonne milled (including capitalised waste stripping) declining by 5% to R339 per tonne (1H F2017: R356 per tonne). C1 unit cash cost net of by-products (which includes capitalised waste stripping cost) was 18% lower at US$4.95/lb (1H F2017: US$6.05/lb) of nickel produced. The decrease in C1 unit cash costs was due to higher by-product credits combined with decreased capitalised waste stripping costs. R114 million of waste stripping costs (1H F2017: R364 million) were capitalised during the period due to lower production.

Nkomati Mine operational statistics (on 100% basis)

		six months ended 31 December		
	unit	2017	2016	% change
Cash operating profit	R million	293	308	(5)
- Nickel Mine	R million	175	147	19
- Chrome Mine	R million	118	161	(27)
Cash operating margin	%	17	17	
Tonnes milled	Mt	4.08	3.58	14
Head grade	% nickel	0.24	0.28	(14)

Nickel on-mine cash cost per tonne milled	R/tonne	311	254	22
Nickel on-mine cash cost per tonne milled (including capitalised waste stripping costs)	R/tonne	339	356	(5)
Cash cost net of by-products*	US$/lb	4.95	6.05	(18)
Contained metal				
Nickel	Tonnes	6 733	6 627	2
PGMs	Ounces	67 503	49 137	37
Copper	Tonnes	4 482	3 245	38
Cobalt	Tonnes	356	318	12
Chrome concentrate sold	Tonnes	198 928	96 821	105
Headline earnings attributable to ARM	R million	17	28	(39)

* This reflects US Dollar cash costs net of by-products (PGMs and Chrome) per pound of nickel produced.

Projects

Modikwa Mine

In order to maintain the current production profile and ramp-up the operation, Modikwa Mine initiated the North Shaft Deepening Project and the South 2 Shaft Project. The current status of these projects are detailed below:

- Deepening of North Shaft - This project entails the deepening of North Shaft from Level 7 to Level 9 thereby establishing three new mining levels. To curtail capital expenditure, portions of this project were deferred during F2015, resulting in current development being delayed at Level 9. Level 7 and 8 are both fully equipped with all the required mining infrastructure. The chairlift installation was commissioned in February 2017.

- Sinking of South 2 Shaft - This project scope includes the establishment of a decline shaft system South of the current South Shaft Infrastructure. The first phase of the project is expected to enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project has been completed and is expected to take the production capacity to 50 000 tonnes of ore per month by F2019. The second phase will follow and increase the design capacity of this shaft system to 100 000 tonnes per month.

The ARM Platinum division comprises:

- Three operating mines:

  - Modikwa - ARM Mining Consortium has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo American Platinum.

  - Two Rivers - an ARM subsidiary in which ARM has a 54% shareholding and Implats 46%. The increase in shareholding is effective 9 November 2017, when Two Rivers' amended mining right, including the mining rights transferred to it, was executed by the DMR.

  - Nkomati - a 50:50 partnership between ARM and Norilsk Nickel Africa.

- Two prospecting rights:

  - the "Kalplats prospecting right" in which ARM Platinum holds 46% and Platinum Australia (PLA) holds 44%, with Anglo American holding 10%.

  - the "Kalplats Extended Area prospecting right" in which ARM Platinum and PLA each have a 50% interest.

ARM Coal

ARM Coal's attributable headline earnings increased by 62% to R160 million (1H F2017: R99 million). This improvement was mainly due to the average realised US Dollar export prices being 20% higher compared to 1H F2017 with the realised price exceeding US$75 per tonne.

Seaborne coal prices were positively impacted by an increase in demand from India and China, largely due to gas supply shortages in China over the winter months. The impact of the higher prices was partially reduced by a strengthening of the average realised Rand/US Dollar exchange rate. Realised Rand prices increased from R873 per tonne in 1H F2017 to R1 000 per tonne in 1H F2018.

More than 70% of the export volumes at GGV Mine were high quality (RB1) coal while only 34% of PCB exports were RB1 quality. This resulted in PCB's average received export price being lower compared to GGV Mine.

ARM attributable saleable tonnes produced of 2.59 million tonnes were slightly higher than the 2.54 million tonnes produced in 1H F2017.

ARM Coal attributable profit analysis

	six months ended 31 December		
R million	2017	2016	% change
Cash operating profit	751	687	9
Less: Interest paid	(257)	(271)	5
Less: Amortisation	(249)	(246)	(1)
Less: Fair value adjustments	(29)	(32)	9
Less: Impairment	(19)	-	
Profit before tax	197	138	43
Add: Impairment	19	-	
Less: Tax	(51)	(39)	(31)
Tax on impairment	(5)	-	
Headline earnings attributable to ARM	160	99	62

Goedgevonden (GGV) Mine

GGV Mine's attributable cash operating profit increased by 63% from R147 million in 1H F2017 to R240 million in 1H F2018.

Average received export US Dollar prices increased by 34% compared to 1H F2017. The impact of the higher prices was partially reduced by a 4% reduction in export sales volumes and a 4% strengthening of the Rand versus the US Dollar. This resulted in an increase in attributable export revenue of R86 million.

Production volumes at GGV Mine were 9% lower than 1H F2017 partially due to a rollover of low in-pit inventory levels from 2H F2017. The in-pit inventory levels have since improved during 1H F2018. Production was further impacted by safety related stoppages and community protests.

On-mine unit production costs per saleable tonne increased by 9% to R315, mainly as a result of a decrease in production volumes.

Attributable headline earnings increased by R61 million, from a headline loss of R26 million in 1H F2017 to headline earnings of R35 million in 1H F2018.

Goedgevonden Mine operational statistics

		six months ended 31 December		
	unit	2017	2016	% change
Total production sales (100% basis)				
Saleable production	Mt	3.30	3.61	(9)
Export thermal coal sales	Mt	1.64	1.71	(4)
Eskom thermal coal sales	Mt	1.72	1.67	3
Local thermal coal sales	Mt	0.03	0.20	(85)
Attributable production and sales				
Saleable production	Mt	0.86	0.94	(9)
Export thermal coal sales	Mt	0.43	0.44	(2)
Eskom thermal coal sales	Mt	0.45	0.43	5
Local thermal coal sales	Mt	0.01	0.05	(80)

Average received coal price				
Export (FOB*)	US$/tonne	80.22	59.99	34
Eskom (FOT**)	R/tonne	232	228	2
Local (FOR***)	R/tonne	995	509	95
On-mine saleable cost	R/tonne	315	289	9
Cash operating profit				
Total	R million	923	567	63
Attributable (26%)	R million	240	147	63
Headline earnings/(loss) attributable to ARM	R million	35	(26)	

*   FOB refers to Free On Board.
** FOT refers to Free On Truck.
*** FOR refers to Free On Rail.

Goedgevonden Mine attributable profit analysis

	six months ended 31 December		
R million	2017	2016	% change
Cash operating profit	240	147	63
Less: Interest paid	(113)	(105)	(8)
Less: Amortisation	(78)	(72)	(8)
Less: Fair value adjustments	(6)	(7)	14
Profit/(loss) before tax	43	(37)	
Less: Tax	(8)	10	(180)
Headline earnings/(loss) attributable to ARM	35	(26)	

Participating Coal Business (PCB)

PCB attributable cash operating profit decreased by 5% to R511 million (1H F2017: R539 million).

An 11% increase in average received US Dollar coal prices together with a 1% increase in export coal sales volumes, improved revenue by R146 million. This was partially offset by a 4% strengthening of the Rand versus the US Dollar which negatively impacted revenue by R52 million. Revenue from inland coal sales was R31 million lower than the previous period, mainly due to a decrease in local coal sales volumes.

Unit production costs per saleable tonne increased by 22% from R273 per tonne in 1H F2017 to R334 per tonne in 1H F2018. On-mine production costs in the previous period benefited from processing of stockpile ore built up during the Tweefontein Optimisation Project (TOP). The Tweefontein operation has since stabilised and is now operating at the planned unit production costs which was estimated at approximately R300 per tonne. The 8% increase in saleable production together with the reduction in the benefits obtained from the low cost stockpile resulted in an increase in on-mine costs of R142 million.

Headline earnings attributable to ARM were flat at R125 million.

PCB operational statistics

		six months ended 31 December		
	unit	2017	2016	% change
Total production sales (100% basis)				
Saleable production	Mt	8.57	7.93	8
Export thermal coal sales	Mt	6.71	6.62	1
Eskom thermal coal sales	Mt	0.83	0.77	8
Local thermal coal sales	Mt	0.14	0.54	(74)
Attributable production and sales				
Saleable production	Mt	1.73	1.60	8
Export thermal coal sales	Mt	1.36	1.34	1
Eskom thermal coal sales	Mt	0.17	0.16	6
Local thermal coal sales	Mt	0.03	0.11	(73)
Average received coal price				

Export (FOB*)	US$/tonne	71.13	63.97	11
Eskom (FOT**)	R/tonne	244	246	(1)
Local (FOR***)	R/tonne	998	523	91
On-mine saleable cost	R/tonne	334	273	22
Cash operating profit				
Total	R million	2 529	2 669	(6)
Attributable (20.2%)	R million	511	539	(5)
Headline earnings attributable to ARM	R million	125	125	-

* FOB refers to Free On Board.
** FOT refers to Free On Truck.
*** FOR refers to Free On Rail.

PCB attributable profit analysis

	six months ended 31 December		
R million	2017	2016	% change
Cash operating profit	511	539	(5)
Less: Interest paid	(144)	(166)	13
Amortisation	(171)	(173)	(1)
Fair value adjustments	(23)	(26)	12
Impairment	(19)	-	
Profit before tax	154	174	(11)
Add: Impairment	19	-	
Less: Tax	(43)	(49)	12
Tax on impairment	(5)	-	
Headline earnings attributable to ARM	125	125	-

ARM's economic interest in PCB is 20.2%. PCB consists of two large mining complexes situated in Mpumalanga. ARM has a 26% effective interest in the Goedgevonden Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of PCB whilst total refers to 100%.

Discontinued operation: ARM Copper

For the six months under review, ARM Copper's headline loss improved from R72 million in 1H F2017 to R6 million in 1H F2018. During 1H F2018 the average realised copper price of US$6 595 per tonne was 32% higher than the comparable period in F2017.

Lubambe Mine

Following the year of consolidation in F2017 where Lubambe Mine operated at a reduced target production level of 80 000 tonnes ore per month, development metres increased by 94% to 7 113 metres in 1H F2018 (1H F2017: 3 667 metres). The upgrade in underground pumping capacity has enabled the mine to recommence with development in previously flooded areas. The increased development profile enabled Lubambe Mine to increase its developed ore reserves over the duration of the six months.

Lubambe Mine's C1 cash cost were negatively impacted by low stoping reserves and the increased ore development. C1 unit production costs for 1H F2018 at US$2.82/lb were 27% higher than the same comparable period in F2017.

In order to preserve cash flow, capital expenditure was restricted during 1H F2018 with the majority of expenditure related to the life of mine capital development and upgrades in underground water infrastructure.

Lubambe Mine operational statistics (100% basis)

		six months ended 31 December		
		2017	2016	% change
Waste development	Metres	2 842	1 209	135
Ore development	Metres	4 271	1 212	>200

Ore development	Tonnes	260 737	74 288	>200
Ore stoping	Tonnes	232 226	423 803	(45)
Ore tonnes mined	Tonnes	492 963	498 091	(1)
Tonnes milled	Thousand	539 437	545 162	(1)
Mill head grade	% copper	2.12	2.09	
Concentrator recovery	%	81.9	84.6	
Copper concentrate produced	Tonnes	24 015	23 193	4
Copper concentrate sold	Tonnes	23 511	22 139	6
Average realised copper price	US$/lb	2.99	2.27	32
C1 cash cost per pound of copper produced	US$/lb	2.82	2.22	27
Capital expenditure	US$000	6 942	5 229	33
Contained metal				
Copper produced	Tonnes	9 380	9 644	(3)
Copper sold	Tonnes	9 269	9 255	-
Headline loss attributable to ARM	R million	(6)	(72)	92

* The 1H F2017 results have been re-presented following the classification of Lubambe Mine as an asset held for sale. As such, intercompany interest accrued to ARM Company from Lubambe Mine of R130 million (1H F2017: R106 million) has been eliminated from both ARM Copper and Corporate and other segments. The disposal of Lubambe Mine was completed on 22 December 2017.

Harmony Gold Mining Company Limited (Harmony)

Harmony reported a 49% increase in headline earnings to R990 million (1H F2017: R657 million) or 224 cents per share (1H F2017: 150 cents per share).

Revenue for the six months under review remained relatively flat in comparison to 1H F2017 as the average gold price received decreased by 1% to R580 672/kg (US$1 348/oz) and total gold sales increased by 2%. Forward gold sale contracts of 3 359kg or 108 000oz, with an average price of R692 836/kg (US$1 609/oz), matured during 1H F2018. This contributed R503 million (US$38 million) to revenue.

The hedging programmes realised gains of R771 million (US$58 million) for the December 2017 period. Management continues to top-up these programmes when the market presents attractive opportunities to do so. The gold hedging programme currently provides cover for approximately 19% of the expected gold production over the next two years. A summary of all the open hedging contracts is included in the Harmony 1H F2018 results published on 13 February 2018.

Production costs decreased by R264 million or 4% compared to the corresponding period. The decrease in Rand terms was mainly due to the capitalisation of production costs as a result of the re-investment into Hidden Valley.

Harmony's net profit for 1H F2018 was R897 million compared to R1 539 million for the comparative period which included a gain on bargain purchase of R848 million.

Harmony completed the acquisition of the Moab Khotsong operations effective 1 March 2018 - which includes the Great Noligwa underground mine and related infrastructure from AngloGold Ashanti Limited for a consideration of US$300 million in cash. The Moab Khotsong acquisition is expected to increase Harmony's cash flow from year one and unlock value by expanding the reserves and extending life-of-mine.

The Harmony investment is reflected on the ARM Statement of Financial Position at R1 444 million based on the Harmony share price at 31 December 2017 of R22.69 per share. Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of tax. Gains are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. Dividends from Harmony are recognised in the ARM Income Statement on the last day of registration following dividend declaration.

Harmony's results for the six months ended 31 December 2017 can be viewed on Harmony's website at www.harmony.co.za.

ARM owns 14.3% of Harmony's issued share capital.

Outlook

US Dollar commodity prices for most of the commodities that ARM produces remain strong into 2H F2018. In particular, premiums for the high-quality iron ore and manganese ore appear to be underpinned by ongoing Chinese supply-side reforms, improved efficiencies in the Chinese steel industry and increasingly stringent environmental policies. Commodity prices are, however, expected to remain volatile.

Uncertainties into 2H F2018 include (i) the outlook for the Rand versus US Dollar exchange rate; (ii) changes in South African mining regulations; (iii) the dynamic socio-economic environment around mines; and (iv) above-inflation unit cost increases.

Re-engagement between government, the mining industry and other stakeholders on Mining Charter III is positive for the South African mining industry and is contributing towards improved investor sentiment.

ARM continues to proactively manage cost pressures whilst ensuring efficient production levels to maximise profit margins.

We are also focused on the allocation of capital to ensure that a responsible balance is achieved between re-investment into the business, shareholder returns, maintaining a robust financial position and value enhancing growth. We are pleased to have declared a maiden interim dividend and will continue to consider interim and annual dividends taking into account amongst things our financial position, the outlook for our operations and commodity markets, capital expenditure and growth.

Further, ARM is committed to managing the impact of our mining activities on all stakeholders. We are committed to investing in ways that will ensure mutual benefit to surrounding communities, Government and the environments in which we operate.

ARM remains confident about the future of our business.

Dividends

The Board has approved and declared an interim dividend of 250 cents per share (gross) in respect of the six months ended 31 December 2017 (1H F2017: Nil). The amount to be paid is approximately R549 million.

This dividend is consistent with ARM's commitment, as a globally competitive company, to pay dividends while retaining the ability to fund efficiency improvements and sustaining production.

The dividend will be subject to Dividend Withholding Tax. In accordance with paragraphs 11.17(a) (i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax ("Dividends Tax") rate is 20%;
- The gross local dividend amount is 250 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 200.00000 cents per share for shareholders liable to pay the Dividends Tax;
- As at the date of this declaration ARM has 219 691 837 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 250 cents per ordinary share, being the dividend for the six months ended 31 December 2017 has been declared payable on Monday, 16 April 2018 to those shareholders recorded in the books of the Company at the close of business on Friday, 13 April 2018. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Friday, 13 April 2018. The last day to trade ordinary shares cum dividend is Tuesday, 10 April 2018. Ordinary shares trade ex-dividend from Wednesday, 11 April 2018. The record date is Friday, 13 April 2018 whilst the payment date is Monday, 16 April 2018.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 11 April 2018 and Friday, 13 April 2018, both dates inclusive, nor may any transfers between registers take place during this period.

Review by independent auditors

The financial results for the six months ended 31 December 2017 have not been reviewed or audited by the Company's registered auditors, Ernst & Young Inc.

Signed on behalf of the Board:

P T Motsepe
Executive Chairman

M P Schmidt
Chief Executive Officer

Johannesburg
16 March 2018

Group statement of financial position
as at 31 December

	Note	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
ASSETS				
Non-current assets				
Property, plant and equipment	3	7 989	8 801	7 801
Intangible assets		124	135	130
Deferred tax assets		663	510	656
Loans and long-term receivables		38	38	34
Investment in associate		1 445	1 279	1 334
Investment in joint venture	4	15 626	14 460	14 860
Other investments		1 648	2 194	1 573
		27 533	27 417	26 388
Current assets				
Inventories		692	759	663
Trade and other receivables		2 283	2 179	2 096
Taxation		97	10	6
Cash and cash equivalents	5	1 919	1 335	1 488
		4 991	4 283	4 253
Assets held for sale	11	1	1	1 605
Total assets		32 525	31 701	32 246
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		11	11	11
Share premium		4 396	4 268	4 279
Treasury shares		(2 405)	(2 405)	(2 405)
Other reserves		1 310	2 342	1 326
Other reserves discontinued operation		-	-	730
Retained earnings		20 073	17 921	19 556
Equity attributable to equity holders of ARM		23 385	22 137	23 497
Non-controlling interest		1 541	644	543
Total equity		24 926	22 781	24 040
Non-current liabilities				
Long-term borrowings	6	2 311	3 618	2 002
Deferred tax liabilities		1 574	1 394	1 297
Long-term provisions		1 181	677	1 166
		5 066	5 689	4 465
Current liabilities				
Trade and other payables		1 505	1 600	1 307

	Note			
Short-term provisions		235	294	393
Taxation		83	112	112
Overdrafts and short-term borrowings	6	710	1 225	757
		2 533	3 231	2 569
Liabilities directly associated with assets held for sale		-	-	1 172
Total equity and liabilities		32 525	31 701	32 246

Group income statement
for the six months ended 31 December

		Unaudited Six months ended 31 December		Audited Year ended 30 June
			*Represented	
		2017	2016	2017
	Note	Rm	Rm	Rm
Revenue		5 020	4 950	9 019
Sales		4 260	4 176	8 158
Cost of sales		(3 455)	(3 521)	(6 951)
Gross profit		805	655	1 207
Other operating income		453	379	757
Other operating expenses		(620)	(725)	(1 750)
Profit from operations before special items		638	309	214
Income from investments		103	122	238
Finance costs		(174)	(271)	(423)
Income from associate		111	125	181
Income from joint venture**	4	1 765	1 356	3 265
Profit before taxation and special items		2 443	1 641	3 475
Special items	7	1	(2 322)	(2 322)
Profit/(loss) before taxation from continuing operations		2 444	(681)	1 153
Taxation	9	(334)	516	409
Profit/(loss) for the period from continuing operations		2 110	(165)	1 562
Discontinued operations				
Loss for the period from discontinued operation		(219)	(118)	(130)
Profit/(loss) for the period		1 891	(283)	1 432
Attributable to:				
Equity holders of ARM				
Profit/(loss) for the period from continuing operations		1 938	(182)	1 431
Loss for the period from discontinued operations		(185)	(72)	(59)
Basic earnings/(loss) for the period		1 753	(254)	1 372
Non-controlling interest				
Profit for the period from continuing operations		172	17	131
Loss for the period from discontinued operations		(34)	(46)	(71)
		138	(29)	60
Profit/(loss) for the period		1 891	(283)	1 432

* Re-presented as a result of IFRS 5 - Non-current Assets Held for Sale accounting for Lubambe. Refer note 11.

** Impairment included in income from joint venture of nil, (1H F2017: R422 million before tax of nil; F2017: R470 million before tax of R27 million)

	Note			
Earnings per share	8			
Basic earnings/(loss) per share (cents)		922	(134)	723
Basic earnings/(loss) from continuing operations per share (cents)		1 019	(96)	754

Basic loss from discontinued operation per share (cents)	(97)	(38)	(31)
Diluted basic earnings/(loss) per share (cents)	896	(130)	703
Diluted basic earnings/(loss) from continuing operations per share (cents)	990	(93)	733
Diluted basic loss from discontinued operation per share (cents)	(95)	(37)	(30)

Group statement of comprehensive income
for the six months ended 31 December 2017

	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Six months ended 31 December 2017 (Unaudited)						
Profit for the period	-	-	1 753	1 753	138	1 891
Profit for the period from continuing operations	-	-	1 938	1 938	172	2 110
Loss for the period from discontinued operations	-	-	(185)	(185)	(34)	(219)
Other comprehensive income that may be reclassified to the income statement in subsequent periods:						
Net impact of revaluation of listed investment	50	-	-	50	-	50
Revaluation of listed investment*	64	-	-	64	-	64
Deferred tax on above	(14)	-	-	(14)	-	(14)
Foreign currency translation reserve movement from continuing operations	-	(37)	-	(37)	-	(37)
Foreign currency translation reserve movement from discontinued operations current year	-	80	-	80	-	80
Foreign currency translation reserve movement from discontinued operations prior year**	-	(730)	-	(730)	-	(730)
Total other comprehensive income/(loss)	50	(687)	-	(637)	-	(637)
Total comprehensive income/(loss) for the period	50	(687)	1 753	1 116	138	1 254
Six months ended 31 December 2016 (Unaudited) Re-presented						
Loss for the period	-	-	(254)	(254)	(29)	(283)
(Loss)/profit for the period from continuing operations	-	-	(182)	(182)	17	(165)
Loss for the period from discontinued operations	-	-	(72)	(72)	(46)	(118)
Other comprehensive income that may be reclassified to the income statement in subsequent periods:						
Net impact of revaluation of listed investment	(1 034)	-	-	(1 034)	-	(1 034)
Revaluation of listed investment*	(1 333)	-	-	(1 333)	-	(1 333)
Deferred tax on above	299	-	-	299	-	299
Foreign currency translation reserve movement from continuing operations	-	(285)	-	(285)	-	(285)
Foreign currency translation reserve movement from discontinuing operations	-	219	-	219	-	219
Total other comprehensive loss	(1 034)	(66)	-	(1 100)	-	(1 100)
Total comprehensive loss for the period	(1 034)	(66)	(254)	(1 354)	(29)	(1 383)

	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Year ended 30 June 2017 (Audited)						
Profit for the year	-	-	1 372	1 372	60	1 432
Profit for the period from continuing operations	-	-	1 431	1 431	131	1 562
Loss for the year from discontinued operations	-	-	(59)	(59)	(71)	(130)

Other comprehensive income that may be reclassified to the income statement in subsequent periods:						
Net impact of revaluation of listed investment	(1 520)	-	-	(1 520)	-	(1 520)
Revaluation of listed investment*	(1 959)	-	-	(1 959)	-	(1 959)
Deferred tax on above	439	-	-	439	-	439
Foreign currency translation reserve movement continuing operations	-	(365)	-	(365)	-	(365)
Foreign currency translation reserve movement discontinued operations	-	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)

* The share price of Harmony Limited at 31 December 2017 was R22.69, R21.68 at 30 June 2017, R31.53 at 31 December 2016, and R52.47 at 30 June 2016 per share. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of IFRS.

** This relates to the foreign currency translation reserve on presentation of Lubambe in US dollars translated into South African Rands.

Group statement of changes in equity
for the six months ended 31 December 2017

	Share capital and premium Rm	Treasury share capital Rm	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Six months ended 31 December 2017 (Unaudited)								
Balance at 30 June 2017	4 290	(2 405)	414	1 642	19 556	23 497	543	24 040
Total comprehensive income for the period	-	-	50	(687)	1 753	1 116	138	1 254
Profit for the period	-	-	-	-	1 753	1 753	138	1 891
Other comprehensive income/(loss)	-	-	50	(687)	-	(637)	-	(637)
Bonus and performance shares issued to employees	117	-	-	(117)	-	-	-	-
Tamboti asset sale to Two Rivers	-	-	-	(99)	-	(99)	99	-
Non-controlling interest derecognised on sale of Lubambe	-	-	-	-	-	-	822	822
Dividend paid	-	-	-	-	(1 236)	(1 236)	-	(1 236)
Dividend paid to Impala Platinum	-	-	-	-	-	-	(61)	(61)
Share based payments	-	-	-	107	-	107	-	107
Balance at 31 December 2017	4 407	(2 405)	464	846	20 073	23 385	1 541	24 926
Six months ended 31 December 2016 (Unaudited)								
Balance at 30 June 2016	4 228	(2 405)	1 934	1 461	18 601	23 819	762	24 581
Total comprehensive loss for the period	-	-	(1 034)	(66)	(254)	(1 354)	(29)	(1 383)
Loss for the period	-	-	-	-	(254)	(254)	(29)	(283)
Other comprehensive								

income/(loss)	-	-	(1 034)	(66)	-	(1 100)	-	(1 100)
Performance shares issued to employees	51	-	-	(51)	-	-	-	-
Dividend paid	-	-	-	-	(426)	(426)	-	(426)
Dividend paid to Impala Platinum	-	-	-	-	-	-	(89)	(89)
Share based payments	-	-	-	98	-	98	-	98
Balance at 31 December 2016	4 279	(2 405)	900	1 442	17 921	22 137	644	22 781

	Share capital and premium Rm	Treasury share capital Rm	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Year ended 30 June 2017 (Audited)								
Balance at 30 June 2016	4 228	(2 405)	1 934	1 461	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 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	62	-	-	(58)	-	4	-	4
Dividend paid	-	-	-	-	(426)	(426)	-	(426)
Dividend paid to Impala Platinum	-	-	-	-	-	-	(279)	(279)
Dividend reserve reversed in ARM BBEE Trust	-	-	-	-	9	9	-	9
Share based payments	-	-	-	201	-	201	-	201
Balance at 30 June 2017	4 290	(2 405)	414	1 642	19 556	23 497	543	24 040

Group statement of cash flows
for the six months ended 31 December 2017

		Unaudited Six months ended 31 December		Audited Year ended 30 June
	Note	2017 Rm	2016 Rm	2017 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		4 748	5 139	9 779
Cash paid to suppliers and employees		(3 808)	(4 313)	(8 168)
Cash generated from operations	10	940	826	1 611
Interest received		54	65	122
Interest paid		(48)	(106)	(247)
Dividends received from joint venture	4	1 000	988	2 488
Dividends paid to non-controlling interest - Impala Platinum		(61)	(89)	(279)
Dividend paid		(1 236)	(426)	(426)
Taxation paid		(325)	(232)	(401)
Net cash inflow from operating activities		324	1 026	2 868
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment to maintain operations		(603)	(489)	(949)
Dividends received from investments		22	32	64

Proceeds on disposal of property, plant and equipment		2	4	7
Proceeds on disposal of investment	12	741	238	238
Investments in Richards Bay Coal Terminal		(2)	(2)	(6)
Loans and receivables received		-	2	6
Net cash inflow/(outflow) from investing activities		160	(215)	(640)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds on exercise of share options		-	5	4
Long-term borrowings raised		200	-	-
Long-term borrowings repaid		(173)	(459)	(1 475)
Short-term borrowings repaid		(152)	(259)	(394)
Net cash outflow from financing activities		(125)	(713)	(1 865)
Net increase in cash and cash equivalents		359	98	363
Cash and cash equivalents at beginning of period		1 031	667	667
Foreign currency translation on cash balances		(12)	11	1
Cash and cash equivalents at end of period	5	1 378	776	1 031
Cash generated from operations per share (cents)		494	436	849

Notes to the financial statements
for the six months ended 31 December 2017

1. Statement of compliance

The Group financial statements for the six months ended 31 December 2017 have been prepared in accordance with and contain the information required by IAS 34 - Interim Financial Reporting and comply with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), requirements of the South African Companies Act 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

Basis of preparation

The Group financial statements for the six months ended 31 December 2017 have been prepared on the historical cost basis, except for certain financial instruments, which include listed investments, that are fairly valued by mark-to-market. The accounting policies used are consistent with those in the most recent annual financial statements except for those listed below and comply with IFRS.

The Group financial statements for the period have been prepared under the supervision of the financial director, Miss AM Mukhuba CA(SA).

Adoption of new and revised accounting standards

The Group has adopted the following new and/or and revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB during the period under review.

		Effective date
IAS 7	Disclosure initiative - Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets or Unrealised losses - Amendments to IAS 12	1 January 2017
IFRS 12	Disclosure of Interest in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12 AIP*	1 January 2017

The adoption of these had no significant effect on the Group financial statements.

The following amendments, standards or interpretations have been issued but are not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

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	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2	Share-based payment (Amendment)	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 - Classification and Measurement (Amendment)	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 2018
IFRIC 22	Foreign currency transactions and Advance Consideration	1 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2018

* AIP: Annual Improvement Project

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. In summary the following are the current expectations in relation to IFRS 9, IFRS 15 and IFRS 16. (Refer next page).

IFRS 9 Financial Instruments

As previously reported, ARM has decided not to adopt IFRS 9 until it becomes mandatory for annual periods beginning on or after 1 January 2018 (i.e. for the financial year beginning 1 July 2018 for ARM).

The actual impact of adopting IFRS 9 on the financial statements is not currently known and cannot be reliably estimated as the impact will be dependent on the financial instruments that ARM holds and economic conditions prevailing at that time as well as accounting elections and judgements which ARM make in the future.

The new standard may require ARM to revise its accounting processes and internal controls related to reporting financial instruments and these possible changes have not yet been ascertained.

ARM has embarked on the process of determining the impact that the new impairment model, on the basis of expected credit losses, will have on the impairment provisions. As part of this process ARM will finalise the impairment methodologies that it will apply under IFRS 9.

Disclosure requirements and changes in presentation are expected to change the nature and extent of ARM's disclosures about its financial instruments, particularly in the year of the adoption of the new standard.

ARM continues with a process of identifying changes to systems and controls which may be necessary to capture the required data. This process is expected to be completed before 30 June 2018.

IFRS 15 Revenue from Contracts with Customers

The standard is effective for annual periods beginning on or after 1 January 2018 (i.e. for the financial year beginning 1 July 2018 for ARM).

ARM has completed a diagnostic impact assessment to identify IFRS 15 gaps between existing and future requirements, as well as to establish implementation efforts to be compliant when the standard is implemented. The impact of IFRS 15 was completed by assessing the impact across three dimensions: i) scoped-in entities of the group and identified revenue streams, ii) accounting principles identified in IFRS 15 on income statement (revenue, EBITDA) and statement of financial position (assets and liabilities) items; and iii) Changes to policies and disclosures.

From this, ARM has developed a detailed project plan for the implementation of IFRS 15 and in line with this plan:

- has identified all significant contracts with customers, in the various entities in the Group, in line with the IFRS 15 five-step model;
- has evaluated the different sale contracts in place with its customers, which vary per entity and commodity - there are various contracts with complex terms including consignment sales, various shipping terms and provisional pricing;
- has engaged its various partners on their interpretation of the various contracts;
- has evaluated practical expedients to be used;
- has established that a fully retrospective approach will be adopted; and
- is in the process of finalising its evaluation of the changes required to controls and Information Technology systems relating to revenue recognition.

The new standard will have an impact on revenue recognised arising from most of the existing contracts. The critical impact identified thus far (amongst others) will be on:

Financial impact

- Split of performance obligations impacts on timing of revenue recognition;
- Fair value adjustments of provisional pricing index are recognised in fair value adjustments rather than revenue. Judgements to use in estimating transaction price in exchange for sale of mining products, including the reasonableness of applying the constraint;
- Possible change in amount of revenue recognised due to estimating transaction price at inception which is not reflective of costs incurred or forecasting on the allocation of transaction price to performance obligation - for management services; and
- EBITDA impact due to customer contract costs and Profit or loss changes due to costs capitalisation.

Disclosure impact

- Provisional pricing values at year end for open contracts;
- Additional disclosure regarding assumptions used in estimating variable consideration for transaction price, including variable consideration on management fees; and
- Process of assessing recoverability of contract cost including reassessment of useful lives.

Accounting policies

- Disclosure of qualitative information on performance obligations.

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). Early adoption is permitted provided that IFRS 15 is adopted at or before the date of initial application of IFRS 16.

As previously reported, ARM continues with the initial assessment of the potential impact of this standard on the financial statements but has not yet reached a conclusion if this standard will be early adopted with the implementation of IFRS 15. The decision of the date of adoption is expected to be made before 30 June 2018.

ARM must still make a decision on the transition method to be applied as well as the practical expedients to be used, if elected.

2. SEGMENTAL INFORMATION

Primary segmental information

For management purposes the Group is organised into operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper, Corporate and other, ARM Exploration and Gold. Corporate and other, ARM Exploration and Gold are aggregated in ARM Corporate in the table below.

	Continuing operations							
	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm	Discon-tinued operations ARM Copper Rm
2.1 Six months ended 31 December 2017 (Unaudited)								
Sales	3 689	6 816	571	-	11 076	(6 816)	4 260	340
Cost of sales	(3 026)	(4 029)	(433)	69	(7 419)	3 964	(3 455)	(282)
Other operating income	26	29	23	379	457	(4)	453	4
Other operating expenses	(120)	(641)	(3)	(497)	(1 261)	641	(620)	(70)
Segment result	569	2 175	158	(49)	2 853	(2 215)	638	(8)
Income from investments	15	151	-	88	254	(151)	103	-
Finance cost	(25)	(19)	(115)	(34)	(193)	19	(174)	(12)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint venture	-	-	-	-	-	-	-	(20)
Finance cost ARM: Shareholders' loan Vale/ARM joint venture	-	-	-	-	-	-	-	-
Income from associate	-	-	111	-	111	-	111	-
Income from joint venture	-	111	-	-	111	1 654	1 765	-
Special items	1	-	-	-	1	-	1	(117)
Taxation	(163)	(682)	(8)	(174)	(1 027)	693	(334)	(62)
Profit/(loss) after tax	397	1 736	146	(169)	2 110	-	2 110	(219)
Non-controlling interest	(170)	-	-	(2)	(172)	-	(172)	34
Consolidation adjustment***	-	29	-	(29)	-	-	-	-
Contribution to basic earnings/ (losses)	227	1 765	146	(200)	1 938	-	1 938	(185)
Contribution to headline earnings/(losses)	226	1 765	160	(200)	1 951	-	1 951	(6)
Other information:								
Segment assets including investment in associate and joint venture	9 371	20 063	3 588	3 940	36 962	(4 437)	32 525	
Investment in associate			1 445		1 445		1 445	
Investment in joint venture						15 626	15 626	
Segment liabilities	1 894	1 595	1 825	2 223	7 537	(1 595)	5 942	
Unallocated - Deferred taxation and taxation					4 550	(2 893)	1 657	
Consolidated total liabilities					12 087	(4 488)	7 599	
Cash generated/(utilised) from operations	784	1 918	210	19	2 931	(1 918)	1 013	(73)
Cash inflow/(outflow) from operating activities	637	1 505	211	(1 448)	905	(505)	400	(76)
Cash (outflow)/inflow from investing activities	(431)	(471)	(127)	577	(452)	471	19	141
Cash outflow from financing activities	(78)	-	(86)	46	(118)	-	(118)	(7)
Capital expenditure	435	558	108	-	1 101	(558)	543	46
Amortisation and depreciation	274	467	85	2	828	(467)	361	-
EBITDA	843	2 642	243	(47)	3 681	(2 682)	999	(8)

There were no significant inter - division sales

* Refer note 2.7 and note 4 for more detail on the ARM Ferrous segment.
** Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.
*** Capitalised fees after tax and reversal of provision.

	Continuing operations							
	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm	Discon-tinued operations ARM Copper Rm
2.2 Six months ended 31 December 2016 (Unaudited) (Re-presented)								
Sales	3 678	6 088	498	-	10 264	(6 088)	4 176	305
Cost of sales	(3 065)	(3 619)	(445)	17	(7 112)	3 591	(3 521)	(296)
Other operating income	43	17	20	293	373	6	379	2
Other operating expenses	(131)	(615)	(2)	(592)	(1 340)	615	(725)	(96)
Segment result	525	1 871	71	(282)	2 185	(1 876)	309	(85)
Income from investments	15	386	-	107	508	(386)	122	-
Finance cost	(28)	(19)	(107)	(136)	(290)	19	(271)	(13)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint venture	-	-	-	-	-	-	-	(19)
Finance cost ARM: Shareholders' loan Vale/ARM joint venture	-	-	-	-	-	-	-	-
Loss from associate	-	-	125	-	125	-	125	-
Income from joint venture***	-	(22)	-	-	(22)	1 378	1 356	-
Special items	(2 243)	(424)	-	(79)	(2 746)	424	(2 322)	-
Taxation	495	(440)	10	10	75	441	516	(1)
(Loss)/profit after tax	(1 236)	1 352	99	(380)	(165)	-	(165)	(118)
Non-controlling interest	(30)	-	-	13	(17)	-	(17)	46
Consolidation adjustment	-	4	-	(4)	-	-	-	-
Contribution to basic (losses)/ earnings	(1 266)	1 356	99	(371)	(182)	-	(182)	(72)
Contribution to headline earnings/(losses)	179	1 779	99	(292)	1 765	-	1 765	(72)
Other information:								
Segment assets including investment in associate and joint venture	7 786	18 546	3 431	4 443	34 206	(4 086)	30 120	1 581
Investment in associate			1 279		1 279		1 279	
Investment in joint venture						14 460	14 460	
Segment liabilities	1 571	1 413	1 809	2 838	7 631	(1 413)	6 218	1 196
Unallocated - Deferred taxation and taxation					4 179	(2 673)	1 506	
Consolidated total liabilities					11 810	(4 086)	7 724	
Cash generated/(utilised) from operations	799	1 688	132	(48)	2 571	(1 688)	883	(57)
Cash inflow/(outflow) from operating activities	538	1 726	156	(588)	1 832	(738)	1 094	(68)
Cash (outflow)/inflow from investing activities	(347)	(550)	(102)	270	(729)	550	(179)	(36)
Cash outflow from financing activities	(35)	-	(61)	(609)	(705)	-	(705)	(8)
Capital expenditure	448	555	119	-	1 122	(555)	567	37

Amortisation and depreciation	302	454	79	3	838	(454)	384	65
Impairment loss	(2 243)	(422)	-	-	(2 665)	422	(2 243)	-
EBITDA	827	2 325	150	(279)	3 023	(2 330)	693	(20)

There were no significant inter-division sales

* Refer note 2.8 and note 4 for more detail on the ARM Ferrous segment.
** Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.
*** Impairment included in income from joint venture R44 million before tax of R12 million.

		Continuing operations							
		ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjustment** Rm	Total per IFRS financial statements Rm	Discontinued operations ARM Copper Rm
2.3	Year ended 30 June 2017 (Audited)								
	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 venture	-	-	-	-	-	-	-	(56)
	Finance cost ARM: Shareholders' loan Vale/ARM joint venture	-	-	-	-	-	-	-	-
	Profit from associate	-	-	181	-	181	-	181	-
	Income form joint venture***	-	(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	-	(14)	-	14	-	-	-	-
	Contribution to basic (losses)/ earnings	(1 095)	3 265	82	(821)	1 431	-	1 431	(59)
	Contribution to headline earnings/(losses)	350	3 709	82	(742)	3 399	-	3 399	203
	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 - Deferred taxation and taxation					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)/reversal 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-division sales

* Refer note 2.9 and note 4 for more detail on the ARM Ferrous segment.
** Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.
*** Impairment included in income from joint venture R470 million after tax of R27 million.

Additional information

The ARM platinum segment is analysed further into Nkomati, Two Rivers Platinum Proprietary Limited and ARM Mining Consortium Limited which includes 50% of the Modikwa Platinum Mine.

		Two Rivers Rm	Modikwa Rm	Nkomati Rm	ARM Platinum Rm
2.4	Six months ended 31 December 2017 (Unaudited)				
	Sales	1 950	877	862	3 689
	Cost of sales	(1 418)	(822)	(786)	(3 026)
	Other operating income	11	12	3	26
	Other operating expenses	(58)	(12)	(50)	(120)
	Segment result	485	55	29	569
	Income from investments	6	6	3	15
	Finance cost	(14)	(2)	(9)	(25)
	Special items before tax	-	-	1	1
	Taxation	(141)	(16)	(6)	(163)
	Profit after tax	336	43	18	397
	Non-controlling interest	(163)	(7)	-	(170)
	Contribution to earnings	173	36	18	227
	Contribution to headline earnings	173	36	17	226
	Other information:				
	Segment and consolidated assets	5 143	2 367	1 861	9 371
	Segment liabilities	1 153	431	310	1 894
	Cash inflow from operating activities	347	177	113	637
	Cash outflow from investing activities	(223)	(110)	(98)	(431)
	Cash outflow from financing activities	(17)	-	(61)	(78)
	Capital expenditure	226	109	100	435
	Amortisation and depreciation	151	45	78	274
	EBITDA	636	100	107	843
2.5	Six months ended 31 December 2016 (Unaudited)				
	Sales	2 143	618	917	3 678
	Cost of sales	(1 485)	(706)	(874)	(3 065)
	Other operating income	8	6	29	43
	Other operating expenses	(93)	(9)	(29)	(131)
	Segment result	573	(91)	43	525
	Income from investments	7	5	3	15
	Finance cost	(16)	(4)	(8)	(28)
	Special items before tax	-	(1 255)	(988)	(2 243)
	Taxation	(162)	390	267	495
	Profit/(loss) after tax	402	(955)	(683)	(1 236)
	Non-controlling interest	(197)	167	-	(30)

Contribution to basic earnings	205	(788)	(683)	(1 266)
Contribution to headline earnings	205	(54)	28	179
Other information:				
Segment and consolidated assets	4 095	1 961	1 730	7 786
Segment liabilities	847	332	392	1 571
Cash inflow/(outflow) from operating activities	246	29	263	538
Cash outflow from investing activities	(77)	(80)	(190)	(347)
Cash outflow from financing activities	(24)	-	(11)	(35)
Capital expenditure	175	80	193	448
Amortisation and depreciation	128	55	119	302
Impairment loss	-	(1 255)	(988)	(2 243)
EBITDA	701	(36)	162	827

Platinum	Two Rivers Rm	Modikwa Rm	Nkomati Rm	ARM Platinum Rm
2.6 For the year ended 30 June 2017 (Audited)				
Sales	3 996	1 256	1 995	7 247
Cost of sales	(2 899)	(1 358)	(1 840)	(6 097)
Other operating income	16	17	45	78
Other operating expenses	(168)	(28)	(80)	(276)
Segment result	945	(113)	120	952
Income from investments	14	10	6	30
Finance cost	(48)	(7)	(15)	(70)
Special items before tax	-	(1 255)	(988)	(2 243)
Taxation	(275)	394	257	376
Profit/(loss) after tax	636	(971)	(620)	(955)
Non-controlling interest	(311)	171	-	(140)
Contribution to basic earnings/(losses)	325	(800)	(620)	(1 095)
Contribution to headline earnings/(losses)	325	(66)	91	350
Other information:				
Segment and consolidated assets	4 215	2 179	1 840	8 234
Segment liabilities	1 113	309	397	1 819
Unallocated liabilities (deferred tax and taxation)				845
Consolidated total liabilities				2 664
Cash inflow/(outflow) generated from operations	1 244	(109)	284	1 419
Cash inflow/(outflow) from operating activities	684	(99)	283	868
Cash outflow from investing activities	(240)	(128)	(359)	(727)
Cash (outflow)/inflow from financing activities	(57)	-	42	(15)
Capital expenditure	293	131	359	783
Amortisation and depreciation	268	89	189	546
Impairment loss	-	(1 255)	(988)	(2 243)
EBITDA	1 213	(24)	309	1 498

Analysis of the ARM Ferrous segment

	Iron ore division Rm	Manga-nese division Rm	Chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust-ment* Rm	Total per IFRS financial state-ments Rm
	at 100% basis						
2.7 Six months ended 31 December 2017 (Unaudited)							
Sales	7 592	5 958	83	13 633	6 816	(6 816)	-
Other operating income	253	141	-	394	29	(29)	-

Other operating expenses	(888)	(686)	(44)	(1 618)	(641)	641	-
Operating profit/(loss)	2 223	2 153	(26)	4 350	2 175	(2 175)	-
Contribution to basic earnings and total comprehensive income	1 746	1 743	(18)	3 471	1 736	29	1 765
Contribution to headline earnings	1 746	1 743	(18)	3 471	1 736	29	1 765
Other information:							
Segment assets	25 507	15 259	527	41 293	20 063	(4 437)	15 626
Segment liabilities	6 122	2 740	412	9 274	1 595	(1 595)	-
Cash (outflow)/inflow from operating activities	(270)**	1 279	-	1 009	1 505	(1 505)	-
Cash outflow from investing activities	(423)	(518)	-	(941)	(471)	471	-
Cash (outflow)/inflow from financing activities	(7)	7	-	-			
Capital expenditure	609	557	-	1 166	558	(558)	-
Amortisation and depreciation	686	277	-	963	467	(467)	-
EBITDA	2 909	2 430	(26)	5 313	2 642	(2 642)	-
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				21 904		(21 904)	-
Investment in joint venture				2 733		(2 733)	-
Other non-current assets				800		(800)	-
Current assets							
Inventories				3 978		(3 978)	-
Trade and other receivables				5 252		(5 252)	-
Financial asset				229		(229)	-
Cash and cash equivalents				6 397		(6 397)	-
Non-current liabilities							
Other non-current liabilities				6 616		(6 616)	-
Current liabilities							
Trade and other payables				1 550		(1 550)	-
Short-term provisions				576		(576)	-
Taxation				532		(532)	-

Refer note 2.1 and note 4 for more detail on the ARM Ferrous segment

* Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.
** Dividend paid amounting to R2 billion included in cash flows from operating activities.

		Iron ore division Rm	Manganese division Rm	Chrome division Rm	Continued operation ARM Ferrous Total Rm	Discontinued operation Chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	*IFRS Adjustment Rm	Total per IFRS financial statements Rm
		at 100% basis								
2.8	Six months ended 31 December 2016 (Unaudited)									
	Sales	7 572	4 510	95	12 177	-	12 177	6 088	(6 088)	-
	Other operating income	207	62	2	271	-	271	17	(17)	-
	Other operating expenses	(787)	(661)	(13)	(1 461)	(4)	(1 465)	(615)	615	-
	Operating profit /(loss)	2 623	1 135	(10)	3 748	(4)	3 744	1 871	(1 871)	-
	Contribution to basic earnings and total comprehensive income	2 044	757	(8)	2 793	(88)	2 705	1 352	4	1 356
	Contribution to headline									

earnings/(losses)	2 049	756	(8)	2 797	756	3 553	1 775	4	1 779
Other information:									
Segment assets	26 062	11 849	278	38 189	-	38 189	18 546	(4 086)	14 460
Segment liabilities	5 864	2 401	215	8 480	-	8 480	1 413	(1 413)	-
Cash inflow from operating activities	897**	580	-	1 477	-	1 477	1 726	(1 726)	-
Cash outflow from investing activities	(373)	(726)	-	(1 099)	-	(1 099)	(550)	550	-
Capital expenditure	368	786	-	1 154	-	1 154	555	(555)	-
Amortisation and depreciation	741	223	-	964	-	964	454	(454)	-
EBITDA	3 364	1 358	(10)	4 712	(4)	4 708	2 325	(2 325)	-
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						21 161		(21 161)	-
Investment in joint venture						2 551		(2 551)	-
Other non-current assets						897		(897)	-
Current assets									
Inventories						3 356		(3 356)	-
Trade and other receivables						4 964		(4 964)	-
Financial asset						84		(84)	
Cash and cash equivalents						5 176		(5 176)	-
Non-current liabilities									
Other non-current liabilities						6 355		(6 355)	-
Current liabilities									
Trade and other payables						1 332		(1 332)	-
Short-term provisions						499		(499)	-
Taxation						299		(299)	-

Refer note 2.2 and note 4 for more detail on the ARM Ferrous segment

* Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.
** Dividend paid amounting to R1.975 billion included in cash flows from operating activities.

	Iron ore division Rm	Manga-nese division Rm	Continued operation Chrome division Rm	Continued operation ARM Ferrous Total Rm	Discon-tinued operation Chrome division* Rm	ARM Ferrous Total Rm	ARM share Rm	*IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm
			at 100% basis						
2.9 For the year ended 30 June 2017 (Audited)									
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 expenses	(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 basic earnings and total comprehensive income	4 373	2 182	(7)	6 548	10	6 558	3 279	(14)	3 265
Contribution to headline earnings/(losses)	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)	-
Cash inflow from operating activities	1 188***	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	-
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)	-
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 asset						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 2.3 and note 4 for more detail on the ARM Ferrous segment

* This relates to the Dwarsrivier operation.
** Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.
*** Dividend paid amounting to R2.5 billion included in cash flows from operating activities.

ARM Corporate as presented in the table on page 76 is analysed further into the ARM Exploration, ARM Corporate and other and Gold segments.

Primary segmental information	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2.10 Six months ended 31 December 2017 (Unaudited)				
Cost of sales	-	69	-	69
Other operating income	-	379	-	379
Other operating expenses	(10)	(487)	-	(497)
Segment result	(10)	(39)	-	(49)
Income from investments	-	66	22	88
Finance cost	-	(34)	-	(34)
Taxation	-	(174)	-	(174)
(Loss)/profit after tax	(10)	(181)	22	(169)
Non-controlling interest	-	(2)	-	(2)
Consolidation adjustment		(29)		(29)
Contribution to basic (losses)/earnings	(10)	(212)	22	(200)
Contribution to headline (losses)/earnings	(10)	(212)	22	(200)
Other information:				
Segment assets	-	2 496	1 444	3 940
Segment liabilities	-	2 223	-	2 223
Cash utilised from operations	(10)	29	-	19
Cash (outflow)/inflow from operating activities	(10)	(1 460)	22	(1 448)
Cash inflow from investing activities	-	577	-	577
Cash outflow from financing activities	-	46	-	46
Amortisation and depreciation	-	2	-	2
EBITDA	(10)	(37)	-	(47)

* Corporate, other companies and consolidation adjustments.

ARM Corporate as presented in the table on page 77 is analysed further into the ARM Exploration, ARM Corporate and other and Gold segments.

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2.11 Six months ended 31 December 2016 (Unaudited)				
Cost of sales	-	17		17
Other operating income	-	293		293
Other operating expenses	(12)	(580)		(592)
Segment result	(12)	(270)		(282)
Income from investments	-	75	32	107
Finance cost	-	(136)		(136)
Special items before tax	-	(79)		(79)
Taxation	-	10		10
(Loss)/profit after tax	(12)	(400)	32	(380)
Non-controlling interest	-	13		13
Consolidation adjustment		(4)		(4)
Contribution to basic (losses)/earnings	(12)	(391)	32	(371)
Contribution to headline (losses)/earnings	(12)	(312)	32	(292)
Other information:				
Segment assets	-	2 437	2 006	4 443
Segment liabilities	-	2 838		2 838
Cash (utilised)/generated from operations	(12)	(36)		(48)
Cash outflow from operating activities	(12)	(576)		(588)
Cash inflow from investing activities	-	238	32	270
Cash inflow from financing activities	-	(609)		(609)
Amortisation and depreciation	-	3		3
EBITDA	(12)	(267)		(279)

* Corporate, other companies and consolidation adjustments.

ARM Corporate as presented in the table on page 78 is analysed further into the ARM Exploration, ARM Corporate and other and Gold segments.

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2.12 For the year ended 30 June 2017 (Audited)				
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 cost	-	(138)		(138)
Special items before tax	-	(79)		(79)
(Loss)/profit after tax	(28)	(880)	64	(844)
Non-controlling interest	-	9		9
Consolidation adjustment		14		14
Contribution to basic (losses)/earnings	(28)	(857)	64	(821)
Contribution to headline (losses)/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)

* Corporate, other companies and consolidation adjustments.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Lubambe Copper Mine

At year end 30 June 2017, there was an impairment reversal following the classification of Lubambe as an asset held for sale (refer note 11 and 12). There were no further impairments or impairment reversals at time of sale.

3.2 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) Asignificant decline from the prior year forecast long-term price of nickel and 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.

The recoverable amount of the cash generating unit was determined based on the 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.

	2H F2017 Nominal	F2018 Nominal	F2019	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 and 31 December 2017 there were no further impairments.

3.3 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; and
(iii) A reduction in the forecast long-term platinum price and 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 after non-controlling interest and tax.

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

A pre-tax discount rate of 18.72% as 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 and 31 December 2017 there were no further impairments.

	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
4. INVESTMENT IN JOINT VENTURE			
This investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore, manganese and chrome operations.			
Opening balance	14 860	14 623	14 623
Net income for the period	1 765	1 356	3 265
Income for the period	1 736	1 352	3 279
Consolidation adjustments	29	4	(14)
Foreign currency translation reserve	1	(215)	(224)
Less: Dividends received for the period	(1 000)	(1 304)	(2 804)
In specie dividend	-	(316)	(316)
Cash dividend	(1 000)	(988)	(2 488)
Closing balance	15 626	14 460	14 860
Refer to notes 2.1, 2.2, 2.3, 2.7, 2.8 and 2.9 for further detail relating to the ARM Ferrous segment.			
5. CASH AND CASH EQUIVALENTS			
- African Rainbow Minerals Limited	225	103	233
- ARM BBEE Trust	1	2	2
- ARM Finance Company SA	203	10	7
- ARM Platinum Proprietary Limited	173	34	82
- ARM Treasury Investments Proprietary Limited	37	35	36
- Nkomati	27	37	-
- Two Rivers Platinum Proprietary Limited	35	10	10
- Teal Minerals Barbados Incorporated*	22	-	1
- Teal Exploration and Mining Barbados Incorporated*	8	-	13
- Teal Exploration and Mining Incorporated*	1	-	1
- Vale/ARM joint venture (discontinued operation)		21	
- Venture Building Trust Proprietary Limited	4	5	4
- Restricted cash**	1 183	1 078	1 099
Total as per statement of financial position	1 919	1 335	1 488
Less - Overdrafts (refer note 6)	(541)	(559)	(292)
- Overdrafts relating to asset held for sale (refer note 11)			(168)
- Cash relating to asset held for sale (refer note 11)			3
Total as per statement of cash flows	1 378	776	1 031

* Entities remaining after the proposed Vale/ARM discontinued operation.

** Includes amounts relating to an insurance cell captive (R797 million; 1H 2017: R728 million; F2017: R745 million). The remaining amount relates largely to rehabilitation trust funds at respective operations.

	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
6. BORROWINGS			
Long-term borrowings are held as follows:			
- African Rainbow Minerals Limited	200	1 025	-
- ARM BBEE Trust	473	500	528
- ARM Coal Proprietary Limited (partner loan)	1 578	1 358	1 433
- Nkomati	9	15	13
- Two Rivers Platinum Proprietary Limited	51	43	28
- Vale/ARM joint operation*		8	
- Vale/ARM joint operation (partner loan)*		669	
	2 311	3 618	2 002
Short-term borrowings are held as follows:			
- Anglo Platinum Limited (partner loan)	114	114	114
- ARM Coal Proprietary Limited (partner loan)	-	206	172
- ARM Finance Company SA	-	274	78
- Nkomati	7	9	64
- Two Rivers Platinum Proprietary Limited	48	48	37
- Vale/ARM joint operation*		15	
	169	666	465
Overdrafts are held as follows:			
- African Rainbow Minerals Limited	190	1	-
- ARM Mining Consortium Limited	-	31	-
- Nkomati	-	-	11
- Two Rivers Platinum Proprietary Limited	327	301	261
- Vale/ARM joint operation*		205	
- Other	24	21	20
	541	559	292
Overdrafts and short-term borrowings	710	1 225	757
Total borrowings	3 021	4 843	2 759
* Asset held for sale and discontinued operation (refer note 11)			
Long-term borrowing			656
Short-term borrowing			15
Overdraft			168

	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
7. SPECIAL ITEMS			
Impairment reversal/(loss) on property, plant and equipment - Nkomati	1	(988)	(988)
Impairment loss on property, plant and equipment - Modikwa	-	(1 255)	(1 255)
Loss on disposal of investment	-	(79)	(79)
Special items per income statement before taxation effect	1	(2 322)	(2 322)
Impairment loss on property, plant and equipment accounted for directly in joint venture - Assmang	-	(422)	(470)
Impairment reversal on property, plant and equipment - Lubambe discontinued operation	-	-	180

Impairment loss on property, plant and equipment accounted for directly in associate - PCB	(19)	-	-
Pre-tax loss on sale of Lubambe	(117)	-	-
Loss on sale of property, plant and equipment accounted for directly in joint venture - Assmang	-	(2)	(1)
Special items before taxation effect	(135)	(2 746)	(2 613)
Taxation accounted for in associate - impairment loss in PCB	5	-	-
Taxation accounted for in joint venture - impairment loss in Assmang	-	-	27
Taxation - impairment loss of Modikwa assets	-	365	365
Taxation - impairment loss of Nkomati assets	-	277	277
Taxation - sale of Lubambe	(62)	-	-
Taxation accounted for in joint venture - loss on sale of property, plant and equipment	-	1	-
Special items after taxation effect	(192)	(2 103)	(1 944)
Non-controlling interest - impairment reversal of assets at Lubambe - discontinued operation	-	-	(36)
Non-controlling interest - Modikwa impairment loss	-	156	156
Total amount adjusted for headline earnings	(192)	(1 947)	(1 824)

	Unaudited Six months ended 31 December 2017 Rm	2016 Rm	Audited Year ended 30 June 2017 Rm
8. EARNINGS PER SHARE		(Re-presented)	
Headline earnings (R million)	1 945	1 693	3 196
Headline earnings from continuing operations (R million)	1 951	1 765	3 399
Headline loss from discontinued operation (R million)	(6)	(72)	(203)
Headline earnings per share (cents)	1 023	893	1 684
Headline earnings per share from continuing operations (cents)	1 026	931	1 791
Headline loss per share from discontinued operation (cents)	(3)	(38)	(107)
Basic earnings/(loss) per share (cents)	922	(134)	723
Basic earnings/(loss) from continuing operations per share (cents)	1 019	(96)	754
Basic loss from discontinued operation per share (cents)	(97)	(38)	(31)
Diluted headline earnings per share (cents)	994	869	1 638
Diluted headline earnings per share from continuing operations (cents)	997	906	1 742
Diluted headline loss per share from discontinued operation (cents)	(3)	(37)	(104)
Diluted basic earnings/(loss) per share (cents)	896	(130)	703
Diluted basic earnings/(loss) from continuing operations per share (cents)	990	(93)	733
Diluted basic loss from discontinued operation per share (cents)	(95)	(37)	(30)
Number of shares in issue at end of the period (thousands)	219 692	218 577	218 702
Weighted average number of shares (thousands)	190 163	189 529	189 768
Weighted average number of shares used in calculating diluted earnings per share (thousands)	195 740	194 880	195 112
Net asset value per share (cents)	10 644	10 128	10 744
EBITDA (R million)	991	673	794
EBITDA from continuing operations (R million)	999	693	922
Dividend declared after period end (cents per share)	250	-	650
Reconciliation to headline earnings			
Basic earnings/(loss) attributable to equity holders of ARM	1 753	(254)	1 372
Impairment loss on property, plant and equipment - Modikwa	-	1 255	1 255
Impairment (reversal)/loss on property, plant and equipment -			

Nkomati	(1)	988	988
Impairment loss of property, plant and equipment in joint venture - Assmang	-	422	470
Impairment loss of property, plant and equipment in associate - PCB	19	-	-
Pre-tax loss on sale of Lubambe	117	-	-
Loss on disposal of investment	-	79	79
Loss on sale of property, plant and equipment in joint venture - Assmang	-	2	1
Reversal of impairment on property, plant and equipment Lubambe	-	-	(180)
	1 888	2 492	3 985
Taxation accounted for directly in associate and joint venture	(5)	(1)	(27)
Taxation - impairment loss of Modikwa assets	-	(365)	(365)
Taxation - impairment loss of Nkomati assets	-	(277)	(277)
Taxation - sale of Lubambe	62	-	-
	1 945	1 849	3 316
Non-controlling interest - impairment reversal of assets at Lubambe - discontinued operation	-	-	36
Non-controlling interest - Modikwa impairment loss	-	(156)	(156)
Headline earnings	1 945	1 693	3 196

	Unaudited Six months ended 31 December 2017 Rm	2016 Rm	Audited Year ended 30 June 2017 Rm
9. TAXATION			
South African normal tax - current year	79	164	337
South African normal tax - mining	89	118	212
South African normal tax - non-mining	(10)	52	117
South African normal tax - prior year	-	(6)	8
Deferred tax - current year	255	(680)	(783)
Withholding tax			37
	334	(516)	(409)
10. CASH GENERATED FROM OPERATIONS			
Cash generated from operations before working capital movement	1 411	1 272	1 885
Working capital changes	(471)	(446)	(274)
Movement in inventories	(36)	(10)	(51)
Movement in payables and provisions	(192)	(741)	(530)
Movement in receivables	(243)	305	307
Cash generated from operations (per statement of cash flows)	940	826	1 611

11. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

11.1 Lubambe Mine

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.

The assets, liabilities and certain other reserves at 30 June 2017 to be disposed of were as follows:

Property, plant and equipment	1 392
Inventories	130
Trade and other receivables	79
Cash and cash equivalents	3
Assets held for sale	1 604

Other reserves	730
Long-term borrowings	656
Long-term provisions	85
Trade and other payables	215
Short-term provisions	33
Overdrafts and short-term borrowings	183
Liabilities directly associated with assets held for sale	1 172
The cash flows were as follows:	
Cash outflow from operating activities	(155)
Cash outflow from investing activities	(32)
Cash outflow from financing activities	(4)

	Unaudited Six months ended 31 December 2017 Rm	2016 Rm	Audited Year ended 30 June 2017 Rm
The income statement effect is as follows:			
Sales	340	305	600
Cost of sales	(282)	(296)	(601)
Other operating income	4	2	4
Other operating expenses	(70)	(96)	(238)
Segment result	(8)	(85)	(235)
Finance cost	(12)	(13)	(19)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	(20)	(19)	(56)
Special items before tax*	(117)	-	180
Taxation	(62)	(1)	-
Loss after tax	(219)	(118)	(130)
Non-controlling interest	34	46	71
Contribution to basic earnings	(185)	(72)	(59)
Contribution to headline earnings	(6)	(72)	(203)
Basic loss from discontinued operation per share (cents)	(97)	(38)	(31)
Diluted basic loss from discontinued operation per share (cents)	(95)	(37)	(30)

The Lubambe copper mine sale was completed on 22 December 2017.
This resulted in a loss on sale before tax of R179 million as detailed in note 12.
* An impairment reversal (refer note 3.1) of R180 million was at recorded at 30 June 2017 by determining the recoverable amount using the fair value less cost to sell.

11.2 Nkomati

The underground operations at Nkomati were classified as held for sale following the decision to cease operations in the underground area (refer note 3.2)	1	1	1
Asset held for sale	1	1	1
Total assets held for sale per statement of financial position	1	1	1 605

	Unaudited Six months ended 31 December 2017 Rm	2016 Rm	Audited Year ended 30 June 2017 Rm
12. SALES TRANSACTIONS			
12.1 Sale of Lubambe Copper Mine in Zambia			
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		
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		
Net asset value at date of sale	437		
Profit on sale of Lubambe before FCTR and NCI	55		
Foreign currency translation reserve (FCTR)	650		
Non-controlling interest (NCI)	(822)		
Profit before tax (refer note 7)	(117)		
Taxation (refer note 7)	(62)		
Net loss on sale of Lubambe	(179)		

12.2 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); Subsequent to 31 December 2016 a reduction of R49 million in the attributable impairment raised at 31 December 2016 for the disposal of the Dwarsrivier Chrome Mine was recorded.
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).

13. PROVISION

Silicosis and tuberculosis class action provision

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, the Company was in a position to reliably estimate, within an acceptable range, the Company's share of a possible settlement of the class action claims and related costs. ARM recorded a provision of R330 million (discounted) in the results for the year ended 30 June 2017. The nominal amount of the provision is R417 million. No changes has been made to this provision since June 2017.

Notwithstanding the provision raised, the companies do not believe that they are liable in respect of the claims brought and continue to defend the legal proceedings filed against them. They do, however, believe that they should work together to seek a solution to this South African mining industry legacy issue. To this end, the ruling appeal which had been set for hearing from 19 to 23 March 2018 has been postponed by the Registrar of the Supreme Court of Appeal (SCA) until further notice. The postponement was in response to a request by the parties involved in the appeal in January 2018.

The negotiations with the claimants' lawyers are confidential and the Working Group companies are accordingly not able to provide any details of the negotiations.

	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
14. RELATED PARTIES			
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.			
Amounts accounted in the income statement relating to transactions with related parties			
Joint venture			
Assmang Proprietary Limited			
- Provision of services	277	249	513
- Dividends received	1 000	1 304	2 804
Subsidiary			
Impala Platinum - dividend paid	61	89	279
Amounts outstanding at year-end (owing to)/receivable by ARM on current account			
Joint venture			
Assmang - debtor	26	109	93
Joint operations			
Anglo American Platinum - debtor	545	361	468
Norilsk Nickel - creditor	-	-	(2)
Norilsk Nickel - debtor	95	127	174
Anglo American Platinum - short-term borrowing	(114)	(114)	(114)
Vale/ARM joint operation - ZCCM - long-term borrowing (refer note11)			656
Glencore Operations SA - long-term borrowing	(1 578)	(1 358)	(1 433)
Glencore Operations SA - short term borrowing	-	(206)	(172)
Subsidiary			
Impala Platinum - debtor	1 083	1 048	1 003

	Unaudited Six months ended 31 December 2017 Rm	Unaudited Six months ended 31 December 2016 Rm	Audited Year ended 30 June 2017 Rm
15. COMMITMENTS AND CONTINGENT LIABILITIES			
Commitments in respect of future capital expenditure which will be funded from operating cash flows and by utilising debt facilities at entity and corporate levels, are summarised below:			
Approved by directors			
- contracted for	92	105	134

- not contracted for	21	2	3
Total commitments	113	107	137

There have been no significant changes in the contingent liabilities of the Group as disclosed since 30 June 2017 integrated annual report.

For a detailed disclosure on contingent liabilities, refer to ARM's integrated annual report for the year ended 30 June 2017 available on the group's website (www.arm.co.za).

16. EVENTS AFTER REPORTING DATE

Since the period end ARM received a dividend of R2 billion from Assmang.

No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.
affect the reported results.

Contact details and administration

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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 and 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.

Directors

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
J P Möller*
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A J Wilkens

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