ARM
African Rainbow Minerals

Interim Results
for the six months ended
31 December 2010

We do it better

Shareholder information

Issued share capital at 31 December 2010	212 931 905 shares
Market capitalisation at 31 December 2010	ZAR44.7 billion
Market capitalisation at 31 December 2010	US$6.8 billion
Closing share price at 31 December 2010	R210.10
Six month high (1 July 2010 – 31 December 2010)	R217.26
Six month low (1 July 2010 – 31 December 2010)	R146.25
Average daily volume traded for the six months	447 622 shares
Primary listing	JSE Limited
Ticker symbol	ARI

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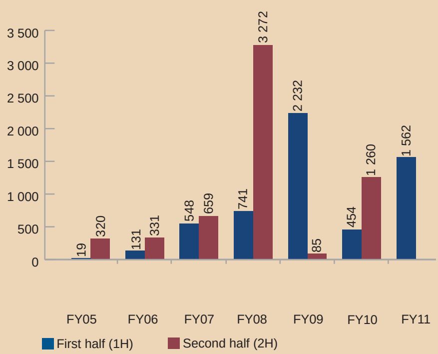
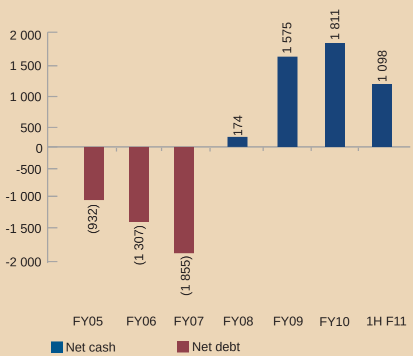
Salient features

- Headline earnings increased 244% to R1 562 million from R454 million for the corresponding six months ended 31 December 2009, driven mainly by significantly improved dollar commodity prices. The headline earnings per share were 734 cents per share compared to 214 cents per share for the corresponding period last year.
- Significant increases in sales volumes achieved in nickel, copper and cobalt (from Nkomati Nickel Mine) as well as platinum group metals, chrome ore and ferrochrome.
- Continued focus on unit cost reduction and increased sales volumes resulted in a decrease in unit costs at Nkomati Nickel Mine, Goedgevonden Coal Mine and at the ferrochrome operations.
- Robust financial position maintained with cash and cash equivalents at R2.3 billion and net debt to equity of 6%.
- Aggressive growth continues with production ramp-up at the Goedgevonden Coal Mine, the Nkomati Nickel Large Scale Expansion Project and the Khumani Iron Ore Expansion.
- Commissioning of the new 250 000 tonnes ore per month nickel concentrator two months ahead of schedule and within budget.
- Development of the Konkola North Copper Project commenced with US$236 million of the capital expenditure already contracted for as at 31 December 2010.

Headline earnings (R million)



Net cash/(net debt) excluding partner loans (Rmillion)



ARM operational review

ARM's Board of Directors ('the Board') is pleased to announce significantly improved results for the six months ended 31 December 2010 (1H F2011). Headline earnings of R1 562 million were achieved during the period representing an increase of 244% when compared to the corresponding six months ended 31 December 2009 (1H F2010). This significant increase in earnings was driven mainly by a notable improvement in conditions in the commodity markets. The positive impact of increased dollar commodity prices was however negatively impacted by the strengthening of the Rand against the US Dollar from an average of R7.65/US$ (1H F2010) to R7.10/US$ (1H F2011).

Sales volume growth

Key operational contributors to the improvement in ARM's earnings include:

- 367% increase in export thermal coal sales volumes from the Goedgevonden Coal Mine to 1.4 million tonnes
- 116% increase in chrome ore sales volumes (Assmang only) to 214 thousand tonnes
- 56% increase in copper sales volumes from Nkomati Nickel Mine to 2 885 tonnes
- 41% increase in contained nickel sales volumes to 5 321 tonnes
- 38% increase in cobalt sales volumes from Nkomati Nickel Mine to 321 tonnes
- 21% increase in ferrochrome sales volumes to 91 thousand tonnes
- 2% increase in Platinum Group Metals (PGM) sales volumes to 384 657 ounces

Although sales volumes for iron ore, manganese ore and ferromanganese were lower, production of these commodities increased during the period under review. Iron ore production increased by 10%, while sales were lower as a result of derailments on the Saldanha rail line. Manganese ore production increased 43% to meet sales volumes whilst production of ferromanganese increased with the successful conversion of the ferrochrome furnace to ferromanganese production. Sales and production volumes from the PCB coal operations decreased.

To meet increasing demand for commodities, ARM continues with the aggressive development of its projects with the ramp-up of the Khumani Iron Ore Expansion, the Nkomati Large Scale Expansion, the Goedgevonden Coal Mine, and the commencement of the Konkola North Copper Project.

Contribution to headline earnings

Commodity group	six months ended 31 December		
R million	**2010**	2009	% change
Platinum Group Metals	**161**	131	23
Nkomati nickel and chrome	**134**	36	272
Ferrous metals	**1 256**	302	316
Coal	**(54)**	36	
Exploration	**(64)**	(85)	25
Corporate and other	**129**	34	279
ARM headline earnings	**1 562**	454	244

The interim results for the six months ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

ARM Ferrous was the largest contributor to the improved earnings with headline earnings increasing 316% to R1 256 million. The contribution of iron ore increased 357% whilst manganese's contribution was 139% higher than the corresponding period last year.

The ramp-up of the expanded Nkomati Nickel Mine made a significant impact on the results of ARM Platinum with headline earnings for the nickel mine increasing 272% as a result of increased sales volumes of nickel and by-products, as well as increased prices realised for those commodities. A higher realised basket price at Two Rivers and Modikwa platinum mines contributed to the increase in ARM Platinum headline earnings.

ARM Coal experienced a challenging six months impacted by lower export and domestic coal sales volumes at the Participating Coal Business (PCB). The PCB operations are currently undergoing a transition converting from predominantly underground mining to lower cost opencast mines. The changes being implemented to achieve this transition impacted the PCB operations in the period under review as the transition is taking longer than anticipated. The transition once completed is expected to have a positive effect on the PCB operations as they move down the cost curve. The ramp-up of the Goedgevonden Coal Mine had a positive impact on the ARM Coal results as export sales volumes increased from 0.3 million to 1.4 million tonnes and Eskom sales volumes from 0.1 million to 1.2 million tonnes.

Aggressive growth continues

Ramp-up of ARM's key growth projects continues to progress well.

Production ramp-up targets were achieved at the Goedgevonden Coal Mine with all modules of the coal processing and handling plant now operational. Saleable production at Goedgevonden thus increased 314% in the six months.

At the Nkomati Nickel Mine production ramp-up of the 375 000 tonnes per month (ktpm) Main Mineralised Zone (MMZ) plant was completed successfully with design capacity (on a monthly basis) achieved in October 2010. The upgrade of the 100 ktpm Chromotitic Peridotite Mineralised Zone (PCMZ) plant to 250 ktpm commenced in July 2010 and hot commissioning was achieved two months ahead of schedule at the end of October 2010.

The expansion of the Khumani Iron Ore Mine to 16 million tonnes per annum (mtpa) iron ore (of which 14 mtpa is for export) continues to progress well ahead of schedule and within budget. Full production is expected in the 2013 financial year and has been planned to coincide with the expansion of the Saldanha Export Channel from 47 mtpa to 60 mtpa.

The Konkola North Copper project was released for approval by ARM and Vale S.A. in August 2010 and the official ground-breaking ceremony was held on 14 October 2010. The release and development of this project represents a significant milestone for ARM as it will add a major copper producer to the ARM portfolio (Nkomati Nickel Mine produced 2 885 tonnes of copper during 1H F2011) and is ARM's first operation outside South Africa. Work on the project continues on schedule with US$236 million of the projected US$380 million (in July 2010 terms) capital expenditure already contracted for as at 31 December 2010.

ARM's consolidated net debt to equity percentage remained low at 6% thereby reflecting significant capacity to continue with its growth strategy.

There has been no material change to the ARM mineral resources and reserves, as disclosed in the Integrated Annual Report for the financial year ended 30 June 2010, other than depletion due to continued mining activities at the operations.

These results have been achieved in conjunction with ARM's partners at the various operations, Anglo Platinum Limited ("Anglo Platinum"), Assore Limited ("Assore"), Impala Platinum Holdings Limited ("Implats"), Norilsk Nickel Africa (Pty) Limited ("Norilsk"), Xstrata Coal ("Xstrata") and Companhia Vale do Rio Doce ("Vale").

Financial commentary

Headline earnings for the six-month period to 31 December 2010 of R1 562 million were R1 108 million higher than the corresponding period's headline earnings (1H F2010: R454 million).

Sales for the reporting period were R6.7 billion (1H F2010: R4.2 billion). The average gross profit margin of 41% is substantially higher than the corresponding period last year (1H F2010: 26.5%), largely due to increased realised US Dollar commodity prices, especially for iron ore.

The 1H F2011 average Rand/US Dollar of R7.10/US$ is 7.2% stronger than the corresponding period average of R7.65/US$. The closing exchange rate of R6.60/US$ impacted negatively on mark-to-market adjustments at the period end.

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding exceptional items and loss from associate were R3 103 million, which represents an increase of 157% or R1 894 million over that achieved for 1H F2010.

The detailed segmental contribution analysis is provided in note 10 to the financial statements.

- The ARM Ferrous contribution to ARM's headline earnings amounted to R1 256 million (1H F2010: R302 million), a 316% increase over the corresponding period last year.
- The ARM Platinum segment contribution, which includes the results of Nkomati, was R295 million which is R128 million more than the corresponding period and represents a 77% increase.
- The ARM Coal segment result was a loss of R54 million (1H F2010: R36 million profit). Goedgevonden Coal Mine contributed a profit of R6 million while the PCB operations contributed a loss of R60 million.
- ARM Exploration's costs have decreased relative to the corresponding period at R64 million (1H F2010: R85 million). All costs on the Konkola North Copper Project are being capitalised.
- The ARM Corporate, other companies and consolidation segment shows a positive contribution of R129 million for the period to December 2010 as compared to R34m for the previous corresponding period. This increase is largely a result of consolidation accounting adjustments to reverse self-insurance premiums expensed by individual operations.
- Included in the ARM Corporate, other companies and consolidation segment is a dividend of R32 million received by ARM in October 2010 from its investment in Harmony, relating to their F2010 results (1H F2010: R32 million).

ARM's earnings for 1H F2011 are marginally less than headline earnings, as exceptional items amounted to only R4 million for the period.

Financial commentary

At 31 December 2010 cash and cash equivalents were R2 301 million (F2010: R3 039 million) with gross debt being R3 397 million (F2010: R3 346 million). Therefore the net debt position at 31 December 2010 amounts to R1 096 million and is an increase of R789 million relative to the position at 30 June 2010 mainly as a result of increased capital expenditure for the Khumani and Nkomati expansion projects. The net debt to equity remained low at 6%.

- Cash generated from operations increased by R1.2 billion from R895 million to R2.0 billion despite an increased working capital requirement of R634 million, resulting from the increased activity levels at operations.
- Capital expenditure amounted to R1 552 million for the period (1H F2010: R1 227 million) and was mainly expended at the Khumani and Nkomati expansion projects.
- Net cash after debt at 31 December 2010 excluding partner loans (Implats: R232 million, Anglo Platinum: R115 million and Xstrata: R1 847 million) amounted to R1 098 million as compared to R1 811 million at 30 June 2010.

ARM's consolidated total assets of R29.5 billion (F2010: R28.2 billion) include the marked-to-market valuation of ARM's investment in Harmony of R5.3 billion at a share price of R83.00 per share (F2010: R81.40 per share), while equity attributable to ARM's equity holders was R19.0 billion (F2010: R 17.8 billion).

Included in Other Expenses is an amount of R38 million for mineral royalty tax of which R29 million is for ARM Ferrous. ARM Ferrous continues to pay the state share of profits on its manganese ore operations while the related new order mining right, which has been granted, is executed.

The effective tax rate including STC remained constant at 34% for the period.

Safety

A safe and healthy work place is a key imperative for ARM and an integral part of the way we operate our businesses. Safety awareness, risk assessment and supervision resulted in all ARM operations achieving zero fatalities for the six months to 31 December 2010.

The Lost Time Injury Frequency Rate (LTIFR) for the six months improved to 0.42 per 200 000 man hours from 0.84. This represents a LTIFR improvement of 49%.

Achievements

- Modikwa Platinum Mine achieved 7 000 000 consecutive fatality-free man shifts worked on 21 September 2010, an exceptional achievement in the industry. Modikwa also operated fatality-free for four calendar years at the end of December 2010.
- The Two Rivers Platinum Mine reached a milestone of 2 000 000 fatality-free man shifts on 11 November 2010.
- Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free man shifts at the end of November 2010.
- Beeshoek Iron Ore Mine achieved 8 000 fatality-free production shifts in the Northern Cape Department of Minerals and Resources (“DMR”) safety competition, as well as 1.8 million fatality-free shifts in ARM’s internal St Barbara competition.
- Nkomati achieved 1.4 million fatality-free shifts in ARM’s internal St Barbara competition.
- Khumani Iron Ore was the winner of the ARM “Excellence in Safety” internal competition for the 2010 financial year, with Cato Ridge the runner-up.

Safety figures and statistics in this report are presented on a 100% basis and currently exclude the ARM Coal operations.

ARM Ferrous

Assmang reported a 76% increase in turnover to R8.1 billion (1H F2010: R4.6 billion) and a 317% increase in headline earnings to R2.5 billion (1H F2010: R0.6 billion). This improvement was mainly due to higher dollar commodity prices, relative to 1H 2010, iron ore prices having increased by 159%, while manganese ore, manganese alloy and chrome alloy prices increased by 75%, 46% and 33% respectively. Lower sales volumes in iron ore and manganese as well as a strengthening in the R/US$ exchange rate diminished these gains.

Production at the Khumani Iron Ore Mine increased by 4.4% whilst unit operating costs increased by 19.9% as a result of increased labour costs in preparation for the new King pit that will become operational during the second half of F2011. Unit operating costs at the manganese ore operations increased by less than inflation, as a result of a 43% increase in production volumes. Manganese alloy production increased by 14.3% mainly due to the ramp-up of the converted furnace at Machadodorp which was successfully converted from ferrochrome to ferromanganese last year. The overall ferromanganese unit cost however increased above inflation due to the rebuild of two furnaces at Cato Ridge. Ferrochrome production increased by 70% whilst the unit cost decreased by 14.6%.

Assmang's capital expenditure for the period was R2 073 million (1H 2010: R1 288 million), of which the major portion, R1 549 million, was spent on infrastructure development for the expansion to 16 mtpa of the Khumani Iron Ore Mine. R60 million was spent to build the new and more efficient beneficiation plant at Black Rock Mine, and replacement capital amounted to R16 million. R20 million was spent on information technology developments and R216 million on furnace upgrades at both the Machadodorp and Cato Ridge smelters.

Assmang headline earnings

100% basis	six months ended 31 December		
R million	**2010**	2009	% change
Iron ore division	**1 750**	383	357
Manganese division	**849**	355	139
Chrome division	**(87)**	(136)	36
Total	**2 512**	602	317
Headline earnings attributable to ARM (50%)	**1 256**	302	317

Assmang production

100% basis	six months ended 31 December		
Thousand tonnes	**2010**	2009	% change
Iron ore	**4 646**	4 234	10
Manganese ore	**1 305**	914	43
Manganese alloys	**103**	90	14
Charge chrome	**122**	72	69
Chrome ore	**442**	249	78

Assmang sales volumes

100% basis	six months ended 31 December		
Thousand tonnes	**2010**	2009	% change
Iron ore	**4 039**	4 452	(9)
Manganese ore*	**1 456**	1 463	–
Manganese alloys	**87**	120	(28)
Charge chrome	**91**	75	21
Chrome ore*	**214**	99	116

**Excluding intra-group sales*

Assmang cost and EBITDA margin performance

Commodity group	Rand per tonne cost change %	EBITDA margin %
Iron ore	19.9	68.2
Manganese ore	1.8	60.8
Manganese alloys	14.8	23.7
Charge chrome	(14.6)	(2.8)

Assmang capital expenditure

100% basis	six months ended 31 December	
R million	**2010**	2009
Iron ore	**1 601**	777
Manganese	**380**	376
Chrome	**92**	135
Total	**2 073**	1 288

Khumani Iron Ore Mine Expansion Project

The Khumani Iron Ore Mine expansion to 16 mtpa, of which 14 mtpa will be for export and 2 mtpa earmarked for the local market, continues ahead of schedule and is expected to be completed well within the budgeted R6.7 billion. Ramp-up of the expansion is planned to coincide with the Transnet expansion of the Saldanha Export Channel from 47 mtpa to 60 mtpa in the 2012 calendar year. With the expansion ahead of schedule, the expanded Khumani Iron Ore Mine is well positioned to expedite further ramp-up should capacity on the export channel become available. The 14 mtpa export contract has been concluded between Assmang and Transnet subject to final board approvals.

Logistics

Export volumes of iron ore were negatively affected by derailments on the Saldanha export rail line in July and August 2010. Transnet's performance has since improved significantly and it is envisaged that a large proportion of the tonnage lost in the derailments will be made up during 2H F2011.

Manganese ore exports through the ports of Port Elizabeth, Richards Bay and Durban were within planned volumes but not within the planned rail throughput. This resulted in increased road transport usage with resultant higher costs.

South African iron ore and manganese ore producers have embarked on a joint project with Transnet to investigate the further expansion of the Saldanha Export Channel to beyond 60 mtpa. Good progress has been made and the first phase (FEL1) has been concluded and the second phase (FEL2) has commenced and is expected to be completed by September 2011.

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 achieved good results for 1H F2011, increasing headline earnings attributable to ARM by 77% to R295 million. This was mainly as a result of higher metal prices and increased production volumes at Nkomati. Attributable PGM production (including Nkomati) increased by 2% to 188 239 ounces (1H F2010: 183 986 ounces) while total nickel produced increased 41% to 5 321 tonnes (1H F2010: 3 785 tonnes).

Despite the strengthening of the Rand against the US Dollar from an average of R7.65/US$ to R7.10/US$, the increase in dollar commodity prices resulted in the basket prices for both Modikwa and Two Rivers increasing by more than 20% to R249 803/kg 6E and R264 917/kg 6E respectively.

The table below sets out the relevant price comparison:

Average metal prices

		Average for six months ended 31 December		
		2010	2009	% change
Platinum	$/oz	**1 625**	1 323	23
Palladium	$/oz	**585**	321	82
Rhodium	$/oz	**2 191**	1 800	22
Nickel	$/t	**21 863**	17 566	24

The capital expenditure at ARM Platinum was R835 million (R444 million attributable) of which 75% was spent on the Nkomati Large Scale Expansion Project. The bulk of the capital spent at Modikwa was for backup generators, the deepening of South 2 Shaft as well as fleet replacement. Expenditure at Two Rivers was largely to sustain operations.

ARM Platinum capital expenditure

100% basis	six months ended 31 December		
R million	**2010**	2009	% change
Modikwa	**154**	68	126
Two Rivers	**53**	55	(4)
Nkomati	**628**	588	7
Total	**835**	711	17

Modikwa

As a result of improved metal prices, specifically for palladium, Modikwa realised a 22% increase in cash operating profit when compared with the corresponding period in F2010. Modikwa's milled tonnes and head grade remained constant. 117 000 Tonnes of open pit material was treated during the period. Due to lower recoveries on the open pit ore, PGM ounces decreased slightly to 179 224 ounces (1H F2010: 183 449 ounces). Cost saving initiatives paid off, resulting in a mere 2% increase in the unit cost to R640 per tonne milled (1H F2010: R625 per tonne milled). Rand unit cost per 6E PGM ounce increased by 6% to R4 416 per ounce. Modikwa achieved 7 000 000 fatality free shifts on 21 September 2010.

Modikwa operational statistics

100% basis		six months ended 31 December		
		2010	2009	% change
Cash operating profit	R million	**369**	303	22
Tonnes milled	Mt	**1.24**	1.22	2
Head grade	g/t, 6E	**5.65**	5.56	2
PGMs in concentrate	Ounces, 6E	**179 224**	183 449	(2)
Average basket price	R/kg, 6E	**249 803**	198 167	26
Average basket price	$/oz, 6E	**1 096**	810	35
Cash operating margin	%	**32**	29	
Cash cost	R/kg, 6E	**141 964**	133 551	6
Cash cost	R/tonne	**640**	625	2
Cash cost	R/Pt oz	**11 150**	10 753	4
Cash cost	R/oz, 6E	**4 416**	4 154	6
Cash cost	$/oz, 6E	**623**	546	14
Headline earnings attributable to ARM (41.5%)	R million	**85**	59	44

Two Rivers

Tonnes milled at Two Rivers remained constant and a slight decrease in head grade was offset by an increase in concentrator recoveries, yielding 152 859 PGM ounces (1H F2010: 150 721 ounces). A cash operating profit of R368 million (1H F2010: R364 million) was realised for the six months under review. Unit cash costs increased by 13% to R469 per tonne milled (1H F2010: R416) due to accelerated developments in geologically disturbed areas and merensky trial mining. On 12 November 2010, Two Rivers surpassed the milestone of 2 000 000 fatality free shifts.

As in the previous period, the earnings of Two Rivers were negatively affected by interest charged on the shareholders' loans from ARM and Implats. Interest was charged at a rate of 7% per annum to December 2010 (1H F2010: 8%).

Two Rivers operational statistics

100% basis		six months ended 31 December		
		2010	2009	% change
Cash operating profit	R million	**368**	364	1
Tonnes milled	Mt	**1.48**	1.48	–
Head grade	g/t, 6E	**3.94**	4.05	(3)
PGMs in concentrate	Ounces, 6E	**152 859**	150 721	1
Average basket price	R/kg, 6E	**264 917**	219 138	21
Average basket price	$/oz, 6E	**1 162**	896	30
Cash operating margin	%	**34**	37	
Cash cost	R/kg, 6E	**146 527**	131 146	12
Cash cost	R/tonne	**469**	416	13
Cash cost	R/Pt oz	**9 536**	8 503	12
Cash cost	R/oz, 6E	**4 557**	4 079	12
Cash cost	$/oz, 6E	**643**	536	20
Headline earnings/(loss) attributable to ARM (55%)	R million	**76**	72	6

Nkomati

Production ramp-up at the Nkomati 375 ktpm MMZ plant was completed with design throughput achieved during October 2010. Good progress has been made with the crusher and overland conveyor, improving availabilities significantly. Close monitoring and evaluation of the primary crusher performance will continue during the next six months to ensure that best practices are adhered to regarding ore feed quality and maintenance.

The 100 ktpm plant was stopped on 30 June 2010 as planned, to be upgraded to a 250 ktpm PCMZ plant. Hot commissioning of the PCMZ plant commenced 2 months ahead of schedule at the end of October 2010. Production ramp-up is above target and all critical construction issues were completed during December 2010. Capital cost for the plant is within budget.

Total tonnes milled increased by 74% resulting in a 41% increase in nickel produced to 5 321 tonnes (1H F2010: 3 785 tonnes). Copper production increased by 56% to 2 885 tonnes. Chrome ore sales decreased to 223 279 tonnes (1H F2010: 295 147 tonnes) while chrome concentrate sales remained largely constant at 142 138 tonnes (1H F2010: 143 193 tonnes).

Unit cost was reduced by 11% to R226 per tonne milled while cash cost net of by-products (C1 cash cost) decreased by 26% to $2.15/lb. The capitalisation of pre-production working costs is expected to terminate in the last quarter of F2011.

Nkomati operational statistics

100% basis		six months ended 31 December		
		2010	2009	% change
Cash operating profit	R million	**715**	267	168
– Nickel Mine	R million	**498**	151	230
– Chrome Mine	R million	**217**	116	87
Cash operating margin	%	**47**	40	
Tonnes milled	Mt	**2.12**	1.22	74
Head grade	% nickel	**0.39**	0.50	(23)
Nickel on-mine cash cost per tonne milled	R/tonne	**226**	253	(11)
Cash cost net of by-products per nickel pound produced	$/lb.	**2.15**	2.91	(26)
Contained metal				
Nickel	Tonnes	**5 321**	3 785	41
PGMs	Ounces	**29 110**	18 730	55
Copper	Tonnes	**2 885**	1 846	56
Cobalt	Tonnes	**321**	232	38
Chrome ore sold	Tonnes	**223 279**	295 147	(24)
Chrome concentrate sold	Tonnes	**142 138**	143 193	(1)
Headline earnings attributable to ARM (50%)	R million	**134**	36	272

**This reflects US Dollar cash costs net of by-products (PGMs, copper, cobalt and chrome) per pound of nickel produced*

Projects and prospects

Modikwa

The feasibility study for the Phase 2 UG2 replacement and expansion project that was completed in 2008 has been revised and is ready to be presented to Modikwa's shareholders for approval.

Preparatory work on the South 2 decline system and access road has commenced. To date, both the chairlift and the material decline pre-sink have been completed. The primary development from South 1 to South 2, which will be used for ore handling, is progressing on schedule, as is the deepening of North 1 Shaft.

Two Rivers

As part of a feasibility study, Two Rivers is currently conducting Merensky reef trial mining and will assess the results from the test work by June 2011. Environmental authorisation for the North open pit was received on 14 December 2010 and a business case is currently being prepared. .

Nkomati Nickel Large Scale Expansion Project

Total funds committed at 31 December 2010 amount to R3.4 billion of the total R3.7 billion approved for the capital project.

The Eskom power supply project for the 375 ktpm MMZ plant is complete and all three new 40MVA transformers have been installed and energised. The next phase of the Eskom power supply project is the upgrade of the 132kV overhead distribution lines and we anticipate this to be completed by December 2011. Nkomati's Eskom Electricity Supply Agreement was concluded in December 2010.

Kalplats PGM Exploration Project

By virtue of the completion of the pre-feasibility study in January 2010 and the decision by both parties to proceed to a Bankable Feasibility Study, Platinum Australia (PLA) earned a 12% interest in the Kalplats Platinum Project. PLA has now submitted a Bankable Feasibility Study which is currently under review by ARM Platinum.

The ARM Platinum division comprises three operating mines, Modikwa, Two Rivers and Nkomati. It has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo Platinum. Two Rivers is an incorporated joint venture with Implats, with ARM holding 55% and Impala (Implats) 45%. Nkomati is a 50:50 partnership with Norilsk Nickel Africa. ARM Platinum also has an interest in two joint ventures with PLA. The first is the "Kalplats Platinum Project" in which ARM Platinum owns 90% and PLA can earn-in up to 49% by completing a bankable feasibility study. The second joint venture, "Kalplats Extended Area Project" is a 50:50 partnership between ARM Platinum and PLA.

ARM Coal

Production at the Goedgevonden Coal Mine (GGV) reached design capacity levels during 1H F2011 while the PCB operations experienced a very challenging six months, resulting in consolidated saleable production being 18% lower than in 1H F2010. The decline in production was due to a delay in the commissioning of the iMpunzi East project, rationalisation of opencast and underground production at Tweefontein and the unplanned closure of the No. 5 seam operation.

ARM Coal acquired a shareholding in Richards Bay Coal Terminal Phase V during October 2010, securing an entitlement of 3.2 mtpa.

Attributable cash operating profit of R208 million is 5% lower when compared to 1H 2010 while headline earnings decreased from R36 million profit to a headline loss of R54 million. The deterioration in headline earnings can be ascribed to increased amortisation and interest charges. The rise in interest charges resulted from an increase in borrowing levels on existing loan facilities provided by Xstrata as well as a new R343 million facility entered into with Xstrata for the funding of ARM Coal’s shareholding in Richards Bay Coal Terminal Phase V.

Export coal prices increased marginally during the period, but ARM Coal did not benefit significantly from this as only 17% of sales were concluded at spot prices. The balance of the coal was sold at previously negotiated long-term contract prices for which the average realised price for the period was $70.07 per tonne.

Goedgevonden Coal Mine (GGV)

Production ramp-up targets were achieved during 1H 2011, resulting in Run of Mine (ROM) production increasing by 77%. With all the modules of the coal processing plant now operational, saleable production increased from 0.7 Mt to 2.9 Mt in this period.

Sales volumes increased significantly, but the continued underperformance of Transnet Freight Rail (TFR) had a negative impact on export and Eskom sales volumes.

An increase in sales volumes resulted in revenue being R392 million higher. Total on mine operating costs increased by R169 million in line with the increase in production volumes. The capitalisation of working costs was terminated as the mine reached steady state production during the review period. Operating costs per saleable tonne decreased by 8% to R154 per tonne (1H 2010 R167 per tonne). Attributable cash operating profit increased from R45 million to R96 million.

Attributable headline earnings decreased from R21 million to R6 million as a result of an increase in depreciation and the cessation of capitalising finance costs. Depreciation increased in line with the increase in ROM production and sales volumes which form the basis for calculating the depreciation charge.

Goedgevonden operational statistics

100% basis		six months ended 31 December		
		2010	2009	% change
Total production sales				
Saleable production	Mt	**2.90**	0.70	314
Export thermal coal sales	Mt	**1.40**	0.30	367
Eskom thermal coal sales	Mt	**1.14**	0.01	>500
Attributable production and sales				
Saleable production	Mt	**0.80**	0.20	300
Export thermal coal sales	Mt	**0.40**	0.10	300
Eskom thermal coal sales	Mt	**0.30**	0.00	
Average received coal price				
Export (FOB)	$/tonne	**70.50**	67.80	4
Eskom (FOT)	R/tonne	**192.06**	169.15	14
Exchange Rate	R/US$	**7.10**	7.60	(7)
On mine saleable cost	R/tonne	**153.80**	166.70	(8)
Cash operating profit				
Total	R million	**369**	172	115
Attributable (26%)	R million	**96**	45	113
Headline earnings attributable to ARM	R million	**6**	21	(71)

Attributable profit analysis

	six months ended 31 December		
R million	**2010**	2009	% change
Operating profit	**96**	45	113
Less: interest paid	**42**	(5)	
amortisation	**41**	20	105
fair value adjustments	**6**	1	500
Profit before tax	**8**	28	(70)
Tax	**(2)**	(8)	75
Headline earnings attributable to ARM	**6**	21	(71)

Participating Coal Business (PCB)

The PCB operational results for the period were unsatisfactory as the transition from predominantly high cost underground mining to low cost opencast mining is taking longer than anticipated. The results are in addition impacted by lower production. Run of Mine (ROM) and saleable production were respectively 6% and 35% lower than in H1 2010. All operations in the PCB produced less saleable coal. The late commissioning of the mine infrastructure and coal processing plant at iMpunzi East, the planned rationalisation of underground and opencast mining at the Tweefontein division and the unplanned closure of the No. 5 seam operation accounted for 57%, 30% and 12% of the underproduction respectively. Construction of the coal processing plant at ATCOM East continued and it is anticipated that the 1 700 tonnes/hour capacity plant will be commissioned by the end of June 2011. Excessive rain during December 2010 hampered production at most opencast operations.

Export sales volumes were 19% lower due to underperformance of TFR. Domestic demand continued to decline which negatively impacted sales volumes.

Lower volumes and a stronger exchange rate caused attributable cash operating profit to decrease 36% to R112 million (1H 2010: R173 million).

Total on mine cash costs per tonne increased by 48% to R327 per tonne (1H 2010: R221 per tonne), due to lower saleable volumes, lower yields and the re-organisation of work at ATCOM East and South Stock. We are progressing the sale process of the high-cost Mpumalanga assets.

Attributable headline earnings declined from R15 million profit to a loss of R60 million.

PCB's focus on the transition away from high cost operations to opencast mining remains critical to the future success of its operations.

Participating Coal Business (PCB) operational statistics

		six months ended 31 December		
100% basis		**2010**	2009	% change
Total production sales				
Saleable production	Mt	**7.20**	11.00	(35)
Export thermal coal sales	Mt	**5.40**	6.60	(19)
Eskom thermal coal sales	Mt	**1.51**	3.38	(55)
Local thermal coal sales	Mt	**0.69**	0.99	(30)
Attributable production and sales				
Saleable production	Mt	**1.50**	2.20	(32)
Export thermal coal sales	Mt	**1.10**	1.30	(15)
Eskom thermal coal sales	Mt	**0.31**	0.68	(55)
Local thermal coal sales	Mt	**0.14**	0.20	(30)
Average received coal price				
Export (FOB)	$/tonne	**72.90**	64.70	13
Eskom (FOT)	R/tonne	**98.67**	53.50	84
Local (FOR)	R/tonne	**289.02**	228.19	27
Exchange rate	R/US$	**7.10**	7.60	(7)
On mine saleable cost	R/tonne	**326.60**	220.50	48
Cash operating profit				
Total	R million	**553**	857	(36)
Attributable (20.2%)	R million	**111**	173	(36)
(Loss)Income from associate attributable to ARM	R million	**(60)**	15	

Attributable profit analysis

	six months ended 31 December		
R million	**2010**	2009	% change
Operating profit	**111**	173	(36)
Less: interest paid	**51**	24	113
amortisation	**128**	102	25
fair value adjustments	**16**	25	(36)
(Loss)/profit before tax	**(83)**	21	
Tax	**23**	(6)	483
Headline (loss)/earnings attributable to ARM	**(60)**	15	

ARM's economic interest in XCSA (PCB) as at 31 December 2011 remains at 20.2%. PCB consists of 12 mines all situated in Mpumalanga. ARM has a 26% effective interest in the GGV Thermal Coal Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of Xstrata Coal South Africa (XCSA) Operations whilst total refers to 100%.

ARM Copper

In August 2010 the Vale/ARM joint venture approved the development of the Konkola North Copper Project in Zambia. His Excellency, the President of the Republic of Zambia, Rupiah B. Banda, officially opened the ground-breaking ceremony for the development of the Konkola North Copper Mine on 14 October 2010.

The mine's throughput design from both the South and East Limb ore bodies is 2.5 mtpa of ore at an average mill head grade of 2.3% copper, which will result in the production of 45 000 tonnes of contained copper in concentrate per annum for 28 years. The copper concentrate produced will be toll smelted and refined in Zambia. Commissioning of the concentrator plant is expected at the end of November 2012, and full production will be reached in 2015. The project capital expenditure in July 2010 terms is estimated at $380 million, of which $236 million was contracted for at 31 December 2010.

Development of the project has commenced and progress on site is in accordance with the approved construction program and budget. A large portion of the construction and mining contracts have been placed and site establishment for the mining and shaft rehabilitation is underway. Mechanised development from the completed box cut for the East Decline will commence in March 2011.

This project is the first phase of the exploitation of the total resource presently known on mining license LML 20. The second phase, which provides for the exploitation of Area A South, 6km to the south of the present mine development, may provide for another shaft and the expansion of the Konkola North Copper Mine processing plant to potentially increase the total production to 100 000 tonnes of copper from 5 million tonnes of ore per annum. Exploration drilling is continuing in Area A South and adjacent areas to further define the resources available.

After a geological evaluation of the extent of the existing Konkola North Mining licence and adjacent exploration licences held by the joint venture, the Vale/ARM joint venture applied to the Government of the Republic of Zambia to convert, and include, the adjacent prospecting licenses into the existing Konkola North Mining License. Following the approval of this application, the total area of the Konkola North Mining License increased from 44 Km^2 to 96 Km^2. A further 150 Km^2 of exploration licence area to the east and north east of the existing mining license is under consideration for inclusion into the Konkola North Mining License. The Vale/ARM joint venture has relinquished the mining license for the Mwambashi Copper Project and the adjacent prospecting license (Area 4).

ARM Exploration

To facilitate the strategy to further expand into Sub-Saharan Africa, the Vale/ARM joint venture continues to undertake exploration and feasibility studies in the Democratic Republic of Congo (DRC) and in Zambia on exploration licenses outside the Konkola North Copper Project mining license.

ARM Exploration's main objective is to identify and assess exploration and mineral business opportunities for base metals, ferrous metals; PGM's and coal in sub-Saharan Africa. A key focus area for ARM Exploration is the development of the Vale/ARM joint venture copper and cobalt assets.

On the Kalumines mining license property in the DRC, in close proximity to Lubumbashi, the Vale/ARM joint venture has defined five ore bodies, comprising an initial resource of 68.25 million tonnes of copper and cobalt through an extensive drilling campaign. An accelerated drilling programme of a further 18 582 metres infill and delineation drilling was completed during the last six months. The results of this drilling will further enhance the confidence level of the resources discovered on the Kalumines mining license property. Exploration work has been developed to such a level that a feasibility study is now in progress. Metallurgical test work commenced and results are expected soon as part of the process to evaluate the possible development of these copper/cobalt resources.

The headline loss attributable to ARM for 1H 2011 is R64 million (1H F2010: R 85 million), comprising mainly costs associated with exploration drilling, feasibility studies, finance and administration.

ARM owns 100% of ARM Exploration. ARM Exploration owns 50% of the Vale/ARM joint venture. Previously, ARM owned 65% of TEAL which was listed on the Toronto Stock Exchange.

Harmony Gold Mining Company Limited

Harmony reported headline earnings of R356 million for the six months under review, representing a 125% increase relative to the R158 million headline earnings achieved in the six months to December 2009.

The improvement in earnings was as a result of numerous management initiatives undertaken in the preceding three years aimed at optimising the asset portfolio and increasing operational efficiency for Harmony. These initiatives have since lead to an increase in production and lower costs evident in Harmony's growth projects, Doornkop, Phakisa and Hidden Valley.

Harmony's realised Rand gold prices increased by 17% to R295 069/kg (1H F2010: R251 968/kg) however due to lower production Harmony's unit cash costs increased by 17% to R222 787/kg (1H F2010: R190 172/kg). Gold production decreased 12% relative to the corresponding period owing to safety stoppages at two of Harmony's mines during the second quarter.

There has been good progress in the Papua New Guinean operations with positive developments at Wafi-Golpu. The Golpu resource continues to be expanded to the north as drilling continues to define further mineralisation.

Harmony continues to focus on increasing its production to two million ounces by the 2013 financial year, with costs per tonne milled in the lowest quartile of South African producers. With the closure of some shafts and unplanned production setbacks during the first six months of financial year 2011, production for the financial year 2011 is expected to be between 1.45Moz and 1.5Moz.

ARM received a dividend from Harmony of R32 million during the period under review.

The ARM balance sheet as at 31 December 2010 reflects a mark-to market investment in Harmony of R5 282 million which is based on a Harmony share price of R83.00. Changes to the value of the investment in Harmony are accounted for by ARM through the statement of comprehensive income net of deferred capital gains tax. The investment reflected at market value reflects approximately 12% of the ARM market capitalisation of R44.7 billion as at 31 December 2010.

Harmony's results for the quarter and six months ended 31 December 2010 can be viewed on Harmony's website at www.harmony.co.za

ARM owns 14.8% of Harmony's issued share capital.

Outlook

Conditions in the commodity markets continued to improve significantly in the latter half of the 2010 calendar year driven mainly by strong demand from China. China's appetite for commodities consumed in the steel making process was especially strong. This was evidenced by the strong performance of dollar prices for iron ore, manganese and metallurgical coal.

Despite concerns of 'cooling' in the Chinese economy, growth in China is expected to remain strong at around 8-10% for the 2011 calendar year. This together with supply side constraints for almost all commodities in the ARM portfolio is expected to continue to support dollar commodity prices going forward.

Concerns remain about the relative strength of the Rand although it has weakened from R6.60/$ at the end of December 2010 to around R7.05/$. With recovery in developed markets, especially Europe and to a lesser extent the United States, still subdued and interest rates in these economies still low, Rand strength could temper the positive impact of higher dollar commodity prices for ARM.

ARM maintains a positive outlook on commodity markets and with the ramp up of the Khumani Iron Ore Expansion, the Goedgevonden Coal Mine and the Nkomati Nickel Expansion coinciding with significant improvement in the commodity markets, the Company is well positioned to take advantage of the upswing in commodity demand.

ARM is delivering into improved commodity markets product from long life, low cost mines (all below the 50th percentile) with the majority of the capital expenditure already spent, indicating low capital risk. The Konkola North Copper Project is also expected to deliver into strong copper markets from 2013 onwards.

ARM continues to pursue aggressive growth and is supported by a robust financial position with a strong cash position and low gearing, permitting opportunity to pursue further growth currently under consideration.

Signed on behalf of the board:

PT Motsepe
Executive Chairman

AJ Wilkens
Chief Executive Officer

Johannesburg

28 February 2011

NOTES

Financial statements

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Group statement of financial position
as at 31 December 2010

	Note	Unaudited Six months ended 31 December 2010 Rm	Unaudited Six months ended 31 December 2009 Rm	Audited Year ended 30 June 2010 Rm
ASSETS				
Non-current assets				
Property, plant and equipment		**14 219**	12 254	13 256
Investment property		**53**	14	12
Intangible assets		**206**	212	212
Deferred tax assets		**44**	37	44
Loans and long-term receivables		**192**	20	51
Financial assets		**87**	82	84
Inventories		**127**	160	148
Investment in associate		**1 375**	1 389	1 292
Other investments	2	**5 346**	4 833	5 191
		21 649	19 001	20 290
Current assets				
Inventories		**2 170**	2 048	1 834
Trade and other receivables		**3 355**	1 901	3 026
Taxation		**38**	45	44
Cash and cash equivalents	3	**2 301**	2 271	3 039
		7 864	6 265	7 943
Total assets		**29 513**	25 266	28 233
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		**11**	11	11
Share premium		**3 822**	3 772	3 803
Other reserves		**804**	424	728
Retained earnings		**14 367**	11 862	13 223
Equity attributable to equity holders of ARM		**19 004**	16 069	17 765
Non-controlling interest		**834**	676	764
Total equity		**19 838**	16 745	18 529
Non-current liabilities				
Long-term borrowings	4	**2 627**	2 743	2 582
Deferred tax liabilities		**3 360**	2 496	2 961
Long-term provisions		**520**	437	500
		6 507	5 676	6 043
Current liabilities				
Trade and other payables		**1 926**	1 534	2 315
Short-term provisions		**181**	163	268
Taxation		**291**	219	314
Overdrafts and short-term borrowings	4	**770**	929	764
		3 168	2 845	3 661
Total equity and liabilities		**29 513**	25 266	28 233

Group income statement

for the six months ended 31 December 2010

	Note	Unaudited Six months ended 31 December 2010 Rm	2009 Rm	Audited Year ended 30 June 2010 Rm
Revenue		**6 924**	4 386	11 425
Sales		**6 714**	4 202	11 022
Cost of sales		**(3 940)**	(3 088)	(7 480)
Gross profit		**2 774**	1 114	3 542
Other operating income		**174**	438	408
Other operating expenses		**(414)**	(808)	(1 030)
Profit from operations before exceptional items		**2 534**	744	2 920
Income from investments		**108**	136	209
Finance costs		**(99)**	(93)	(192)
(Loss)/income from associate		**(60)**	15	(51)
Profit before taxation and exceptional items		**2 483**	802	2 886
Exceptional items	5	**(4)**	–	97
Profit before taxation		**2 479**	802	2 983
Taxation	7	**(851)**	(276)	(1 009)
Profit for the period		**1 628**	526	1 974
Attributable to:				
Non-controlling interest		**70**	74	162
Equity holders of ARM		**1 558**	452	1 812
		1 628	526	1 974

	Note	2010	2009	2010
Additional information				
Headline earnings (R million)	6	**1 562**	454	1 714
Headline earnings per share (cents)		**734**	214	807
Basic earnings per share (cents)		**732**	213	854
Fully diluted headline earnings per share (cents)		**727**	212	798
Fully diluted basic earnings per share (cents)		**725**	211	844
Number of shares in issue at end of period (thousands)		**212 932**	212 260	212 692
Weighted average number of shares in issue (thousands)		**212 768**	212 135	212 289
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)		**214 827**	214 083	214 763
Net asset value per share (cents)		**8 925**	7 570	8 352
EBITDA (R million)		**3 103**	1 209	3 907
Dividend declared after year end (cents)		**–**	–	200

Group statement of comprehensive income

for the six months ended 31 December 2010

	Revaluation of listed investments Rm	Other Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controll-ing interest Rm	**Total Rm**
Six months ended 31 December 2010 (Unaudited)						
Profit for the period	–	–	1 558	**1 558**	70	**1 628**
Other comprehensive income:						
Net impact of revaluation of listed investment	88	–	–	**88**	–	**88**
Revaluation of listed investment	102	–	–	**102**	–	**102**
Deferred tax on revaluation of listed investment	(14)	–	–	**(14)**	–	**(14)**
Realignment of currency	–	55	–	**55**	–	**55**
Foreign exchange on loans to foreign Group entity	–	(95)	–	**(95)**	–	**(95)**
Cash flow hedge reserve	–	12	–	**12**	–	**12**
Other	–	(11)	11	**–**	–	**–**
Total other comprehensive income	88	(39)	11	**60**	**–**	**60**
Total comprehensive income for the period	88	(39)	1 569	**1 618**	70	**1 688**
Six months ended 31 December 2009 (Unaudited)						
Profit for the period	–	–	452	**452**	74	**526**
Other comprehensive income:						
Net impact of revaluation of listed investment	(230)	–	–	**(230)**	–	**(230)**
Revaluation of listed investment	(268)	–	–	**(268)**	–	**(268)**
Deferred tax on revaluation of listed investment	38	–	–	**38**	–	**38**
Cash flow hedge reserve	–	45	–	**45**	–	**45**
Realignment of currency	–	(13)	–	**(13)**	–	**(13)**
Other	–	(2)	2	**–**	–	**–**
Total other comprehensive income	(230)	30	2	**(198)**	**–**	**(198)**
Total comprehensive income for the period	(230)	30	454	**254**	74	**328**
Year ended 30 June 2010 (Audited)						
Profit for the year	–	–	1 812	**1 812**	162	**1 974**
Other comprehensive income:						
Net impact of revaluation of listed investment	76	–	–	**76**	–	**76**
Revaluation of listed investment	89	–	–	**89**	–	**89**
Deferred tax on revaluation of listed investment	(13)	–	–	**(13)**	–	**(13)**
Foreign exchange on loans to foreign Group entity	–	(6)	–	**(6)**	–	**(6)**
Cash flow hedge reserve	–	16	–	**16**	–	**16**
Realignment of currency	–	(2)	–	**(2)**	–	**(2)**
Total other comprehensive income	76	8	**–**	**84**	–	**84**
Total comprehensive income for the year	76	8	1 812	**1 896**	162	**2 058**

Group statement of changes in equity

for the six months ended 31 December 2010

	Share capital and premium Rm	Revaluation of listed investments Rm	Other Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controll-ing interest Rm	**Total Rm**
Six months ended 31 December 2010 (Unaudited)							
Balance at 30 June 2010	3 814	446	282	13 223	**17 765**	764	**18 529**
Profit for the period	–	–	–	1 558	**1 558**	70	**1 628**
Other comprehensive income	–	88	(39)	11	**60**	–	**60**
Total comprehensive income for the period	–	88	(39)	1 569	**1 618**	70	**1 688**
Share-based payments	–	–	27	–	**27**	–	**27**
Share options exercised	19	–	–	–	**19**	–	**19**
Dividend paid	–	–	–	(425)	**(425)**	–	**(425)**
Balance at 31 December 2010	3 833	534	270	14 367	**19 004**	834	**19 838**
Six months ended 31 December 2009 (Unaudited)							
Balance at 30 June 2009	3 770	370	230	11 779	**16 149**	602	**16 751**
Profit for the period	–	–	–	452	**452**	74	**526**
Other comprehensive income	–	(230)	30	2	**(198)**	–	**(198)**
Total comprehensive income for the period	–	(230)	30	454	**254**	74	**328**
Share based payments	–	–	24	–	**24**	–	**24**
Share options exercised	13	–	–	–	**13**	–	**13**
Dividends paid	–	–	–	(371)	**(371)**	–	**(371)**
Balance at 31 December 2009	3 783	140	284	11 862	**16 069**	676	**16 745**
Year ended 30 June 2010 (Audited)							
Balance at 30 June 2009	3 770	370	230	11 779	**16 149**	602	**16 751**
Profit for the year	–	–	–	1 812	**1 812**	162	**1 974**
Other comprehensive income	–	76	8	–	**84**	–	**84**
Total comprehensive income for the year	–	76	8	1 812	**1 896**	162	**2 058**
Share based payments	–	–	47	–	**47**	–	**47**
Share options exercised	44	–	–	–	**44**	–	**44**
Dividends paid	–	–	–	(371)	**(371)**	–	**(371)**
Other	–	–	(3)	3	**–**	–	**–**
Balance at 30 June 2010	3 814	446	282	13 223	**17 765**	764	**18 529**

Group statement of cash flows

for the six months ended 31 December 2010

	Note	Unaudited Six months ended 31 December 2010 Rm	2009 Rm	Audited Year ended 30 June 2010 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		**6 660**	4 318	9 992
Cash paid to suppliers and employees		**(4 611)**	(3 423)	(6 562)
Cash generated from operations	8	**2 049**	895	3 430
Interest received		**83**	96	176
Interest paid		**(52)**	(81)	(135)
Dividends received		**32**	32	33
Dividends paid		**(425)**	(371)	(371)
Taxation paid		**(486)**	(377)	(612)
Net cash inflow from operating activities		**1 201**	194	2 521
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment to maintain operations		**(430)**	(237)	(519)
Additions to property, plant and equipment to expand operations		**(1 202)**	(976)	(1 981)
Proceeds on disposal of property, plant and equipment		**1**	2	13
Proceeds on disposal of Otjikoto		**–**	–	107
Investment in associate – Coal – loan		**(131)**	–	–
Investments in Richards Bay Coal Terminal		**(176)**	–	–
Decrease in investment loans and receivables		**1**	–	56
Net cash outflow from investing activities		**(1 937)**	(1 211)	(2 324)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds on exercise of share options		**19**	13	44
Long-term borrowings raised		**363**	803	848
Long-term borrowings repaid		**(300)**	(491)	(834)
Decrease in short-term borrowings		**(150)**	(546)	(787)
Net cash outflow from financing activities		**(68)**	(221)	(729)
Net decrease in cash and cash equivalents		**(804)**	(1 238)	(532)
Cash and cash equivalents at beginning of period		**2 791**	3 325	3 325
Foreign currency translation on cash balances		**(19)**	(5)	(2)
Cash and cash equivalents at end of period		**1 968**	2 082	2 791
Cash generated from operations per share (cents)		**963**	422	1 616

Notes to the financial statements

for the six months ended 31 December 2010

1. STATEMENT OF COMPLIANCE

The consolidated Group financial statements for the half-year ended 31 December 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the AC 500 standards as issued by the Accounting Practices Board or its successor, requirements of Schedule 4 of the Companies Act, 1973 as amended, and the Listings Requirements of the JSE Limited.

BASIS OF PREPARATION

The consolidated Group financial statements for the half-year ended 31 December 2010 have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued by marking 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 and are in terms of the disclosure requirements of IAS 34 – Interim Financial Reporting.

The Group has adopted the following new and revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB that became effective before and on 1 July 2010.

Standard	Subject
IFRS 1	First-time adoption of International Financial Reporting Standards – Additional exceptions for first time adoption (Amendment)
IFRS 2	Share-based payments – Group cash settled share-based payment arrangement (Amendment)
IFRS 3	Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (Amendment)
	Measurement of non-controlling interest (Amendment)
	Un-replaced and voluntarily replaced share-based payment awards (Amendment)
IFRS 5	Disclosures of non-current assets (or disposal groups) held for sale and discontinued operations (Amendment)
IFRS 8	Disclosure of information about segment assets (Amendment)
IAS 1	Current/non-current classification of convertible instruments (Amendment)
IAS 7	Classification of expenditures on unrecognised assets (Amendment)
IAS 17	Classification of leases of land and buildings (Amendment)
IAS 27	Transition requirements for amendments made as a result of IAS 27 consolidated and separate financial statements (Amendment)
IAS 32	Financial instruments presentation – Classification of rights issued (Amendment)
IAS 36	Unit of accounting for goodwill impairment test (Amendment)
IAS 39	Assessment of loan repayment penalties as embedded derivatives (Amendment)
	Scope exception for business combinations contract (Amendment)
	Cash flow hedge accounting (Amendment)
IFRIC 19	Extinguishing financial liabilities with equity instruments

The adoption of these amendments, standards and interpretations had no effect on these financial statements.

In addition 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	Date issued
IFRS 1	Amendments to IFRS 1 – Severe hyperinflation and removal of fixed dates for first time adopters	1 July 2011	December 2010
	Accounting policy changes in the year of adoption (Amendment)	1 January 2011	May 2010
	Revaluation basis as deemed cost (Amendment)	1 January 2011	May 2010
	Use of deemed cost for operations subject to rate regulations (Amendment)	1 January 2011	May 2010
IFRS 7	Financial instruments disclosures – Amendments enhancing disclosures about transfers of financial assets	1 July 2011	October 2010
	Clarifications of disclosures (Amendment)	1 January 2011	May 2010
IFRS 9	Financial instruments (Phase 1 – Financial assets)	1 January 2013	November 2009
	Financial instruments (Phase 1 – Financial liabilities)	1 January 2013	October 2010
IAS 1	Clarification of statement of changes in equity (Amendment)	1 January 2011	May 2010
IAS 12	Income taxes – Recovery of underlying assets (Amendment)	1 January 2012	December 2010
IAS 24	Related party disclosures	1 January 2011	November 2009
IAS 34	Significant events and transactions (Amendment)	1 January 2011	May 2010
IFRIC 13	Fair value of award credit (Amendment)	1 January 2011	May 2010
IFRIC 14	Prepayments of minimum funding requirement (Amendment)	1 January 2011	November 2009

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

Notes to the financial statements

for the six months ended 31 December 2010 (continued)

		Note	Unaudited Six months ended 31 December 2010 Rm	2009 Rm	Audited Year ended 30 June 2010 Rm
2.	**INVESTMENTS**				
	Listed and unlisted				
	Opening balance		**5 180**	5 091	5 091
	Unrealised revaluation gain/(loss) for the period		**102**	(268)	89
			5 282	4 823	5 180
	Richards Bay Coal Terminal		**53**	–	–
	Other		**11**	10	11
	Total carrying amount of investments		**5 346**	4 833	5 191
3.	**CASH AND CASH EQUIVALENTS**				
	– African Rainbow Minerals Limited		**678**	599	903
	– Assmang Limited		**498**	814	897
	– ARM Platinum (Pty) Limited		**276**	260	248
	– Kingfisher Insurance Co Limited		**134**	134	126
	– Mannequin Insurance PPC Limited		**79**	91	58
	– Nkomati		**93**	63	82
	– Two Rivers Platinum (Pty) Limited		**57**	6	7
	– Vale/ARM joint venture		**26**	12	115
	– Restricted cash		**460**	292	603
	Total as per statement of financial position		**2 301**	2 271	3 039
	Less overdrafts		**333**	189	248
	Total as per statement of cash flows		**1 968**	2 082	2 791
4.	**BORROWINGS**				
	Long-term borrowings are held as follows				
	– African Rainbow Minerals Limited		**683**	979	784
	– Assmang Limited		**2**	5	3
	– ARM Coal (Pty) Limited		**1 808**	1 609	1 657
	– ARM Platinum (Pty) Limited		**–**	2	1
	– Two Rivers Platinum (Pty) Limited		**134**	148	137
			2 627	2 743	2 582
	Overdrafts and short-term borrowings are held as follows:				
	– Assmang Limited		**–**	5	4
	– ARM Platinum (Pty) Limited		**121**	144	123
	– ARM Coal (Pty) Limited		**39**	–	4
	– Vale/ARM joint venture		**–**	8	–
	– Two Rivers Platinum (Pty) Limited		**340**	196	252
	– Two Rivers Platinum (Pty) Limited – Implats		**232**	539	343
	– Other		**38**	37	38
			770	929	764
	Total borrowings		**3 397**	3 672	3 346

Interest of R12 million was capitalised for the half year ended 31 December 2010 (Half year to 31 December 2009: R31 million, Full year to 30 June 2010: R80 million).

Notes to the financial statements

for the six months ended 31 December 2010 (continued)

	Note	Unaudited Six months ended 31 December 2010 Rm	2009 Rm	Audited Year ended 30 June 2010 Rm
5. EXCEPTIONAL ITEMS				
Profit on sale of Otjikoto		**–**	–	103
Profit on sale of property, plant and equipment		**1**	1	3
Loss on sale of property, plant and equipment		**(1)**	(1)	–
Impairments of property, plant and equipment		**(4)**	–	(10)
Capital portion of insurance claim at Nkomati		**–**	–	1
Exceptional items per income statement		**(4)**	–	97
Impairment of assets		**–**	(2)	–
Taxation		–	–	1
Total amount adjusted for headline earnings		**(4)**	(2)	98
6. HEADLINE EARNINGS				
Basic earnings per income statement		**1 558**	452	1 812
Impairment of property, plant and equipment		**4**	2	10
Profit on sale of property, plant and equipment		**–**	–	(3)
Profit on sale of Otjikoto		**–**	–	(103)
Capital portion of insurance claim at Nkomati		–	–	(1)
		1 562	454	1 715
Taxation		**–**	–	(1)
Headline earnings		**1 562**	454	1 714
7. TAXATION				
South African normal tax				
– current year		**355**	40	271
– mining		**308**	25	213
– non – mining		**47**	15	58
– prior year		**–**	(51)	(52)
State's share of profits		**60**	10	80
Deferred tax – current year		**386**	252	659
Secondary Tax on Companies		**50**	25	51
		851	276	1 009

Notes to the financial statements

for the six months ended 31 December 2010 (continued)

	Note	Unaudited Six months ended 31 December 2010 Rm	Unaudited Six months ended 31 December 2009 Rm	Audited Year ended 30 June 2010 Rm
8. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL MOVEMENTS				
Cash generated from operations before working capital movement		**3 031**	1 243	4 028
Working capital changes		**(982)**	(348)	(598)
Movement in receivables		**(253)**	(315)	(1 393)
Movement in payables		**(360)**	156	756
Movement in inventories		**(369)**	(189)	39
Cash generated from operations (per statement of cash flows)		**2 049**	895	3 430
9. 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		**3 066**	4 163	2 921
– not contracted for		**2 032**	876	505
Total commitments		**5 098**	5 039	3 426

Contingent liabilities

Shareholders are advised that there have been no significant changes to the contingent liabilities of the Group as disclosed in the June 2010 annual report. The Company is in discussion with the South African Revenue Services on progressing the 1998 tax dispute concerning the claim of a loan stock redemption premium.

Notes to the financial statements

for the year ended 30 June 2010 (continued)

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	Ferrous Metals Rm	Coal Rm	Exploration Rm	Corporate* and other Rm	Gold Rm	**Total Rm**
10. SEGMENTAL INFORMATION								
Primary segmental information								
Six months ended								
31 December 2010 (Unaudited)								
Total sales	1 651	768	4 056	244	–	–	–	**6 719**
Inter-group sales to ARM Ferrous	–	5	–	–	–	–	–	**5**
External sales	1 651	763	4 056	244	–	–	–	**6 714**
Cost of sales	(1 259)	(544)	(1 962)	(191)	–	16	–	**(3 940)**
Other operating income	6	10	24	–	–	134	–	**174**
Other operating expenses	(30)	(46)	(255)	(1)	(72)	(10)	–	**(414)**
Segment result	368	183	1 863	52	(72)	140	–	**2 534**
Income from investments	11	3	26	–	–	36	32	**108**
Finance cost	(12)	(1)	(2)	(44)	(1)	(10)	–	**(70)**
Finance cost Implats:								
Shareholders loan Two Rivers	(14)	–	–	–	–	–	–	**(14)**
Finance cost ARM:								
Shareholders loan Two Rivers	(11)	–	–	–	–	–	–	**(11)**
Finance cost: Shareholders loan ARM	–	–	–	–	(4)	–	–	**(4)**
Income from associate	–	–	–	(60)	–	–	–	**(60)**
Exceptional items	–	(4)	–	–	–	–	–	**(4)**
Taxation	(101)	(51)	(631)	(2)	–	(66)	–	**(851)**
Non-controlling interest	(80)	–	–	–	13	(3)	–	**(70)**
Contribution to earnings	161	130	1 256	(54)	(64)	97	32	**1 558**
Contribution to headline earnings	161	134	1 256	(54)	(64)	97	32	**1 562**
Other information								
Segment assets including investment in associate	5 812	2 614	10 300	3 507	280	1 718	5 282	**29 513**
Investment in associate				1 375				**1 375**
Segment liabilities	1 522	209	924	1 937	36	1 396	–	**6 024**
Unallocated – Deferred taxation and taxation								**3 651**
Consolidated total liabilities								**9 675**
Cash generated from operations	409	266	1 570	91	(108)	(179)	–	**2 049**
Cash in/(out) flow from operating activities	390	269	1 148	89	(108)	(587)	–	**1 201**
Cash outflow from investing activities	(111)	(325)	(1 043)	(228)	(57)	(173)	–	**(1 937)**
Cash (out)/in flow from financing activities	(131)	–	(4)	143	–	(76)	–	**(68)**
Capital expenditure**	130	314	995	48	24	41	–	**1 552**
Amortisation and depreciation	156	125	236	46	3	3	–	**569**
EBITDA	524	308	2 099	98	(69)	143	–	**3 103**

**Corporate, other companies and consolidation adjustments*

***Capital expenditure in ARM Exploration segment is related to the ARM Copper development of the Konkola North Copper project*

Notes to the financial statements

for the year ended 30 June 2010 (continued)

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	Ferrous Metals Rm	Coal Rm	Exploration Rm	Corporate* and other Rm	Gold Rm	**Total Rm**
10. SEGMENTAL INFORMATION (continued)								
Six months ended 31 December 2009 (Unaudited)								
Sales								
External sales	1 523	334	2 301	44	–	–	–	**4 202**
Cost of sales	(1 155)	(255)	(1 673)	(20)	–	15	–	**(3 088)**
Other operating income	9	22	39	–	–	368**	–	**438**
Other operating expenses	(42)	(53)	(232)	–	(64)	(417)**	–	**(808)**
Segment result	335	48	435	24	(64)	(34)	–	**744**
Income from investments	9	3	49	–	7	36	32	**136**
Finance cost	(18)	(1)	(1)	5	(6)	(1)	–	**(22)**
Finance cost Implats: Shareholders loan Two Rivers	(21)	–	–	–	(3)	–	–	**(24)**
Finance cost ARM: Shareholders loan Two Rivers	(26)	–	–	–	–	–	–	**(26)**
Finance cost: Shareholders loan ARM	–	–	–	–	(21)	–	–	**(21)**
Income from associate	–	–	–	15	–	–	–	**15**
Exceptional items	(1)	–	1	–	–	–	–	**–**
Taxation	(78)	(14)	(181)	(8)	–	5	–	**(276)**
Non-controlling interest	(70)	–	–	–	–	(4)	–	**(74)**
Contribution to earnings	130	36	303	36	(87)	2	32	**452**
Contribution to headline earnings	131	36	302	36	(85)	2	32	**454**
Other information								
Segment assets including investment in associate	5 578	2 052	8 112	3 284	299	1 118	4 823	**25 266**
Investment in associate				1 389				**1 389**
Segment liabilities	1 546	190	760	1 680	49	1 581	–	**5 806**
Unallocated – Deferred taxation and taxation								**2 715**
Consolidated total liabilities								**8 521**
Cash generated from operations	260	91	384	(28)	(105)	293	–	**895**
Cash in/(out) flow from operating activities	211	90	92	(28)	(106)	(65)	–	**194**
Cash outflow from investing activities	(82)	(289)	(644)	(191)	(1)	(4)	–	**(1 211)**
Cash (out)/in flow from financing activities	(40)	(150)	(1)	222	71	(323)	–	**(221)**
Capital expenditure	89	294	619	220	1	4	–	**1 227**
Amortisation and depreciation	163	52	223	21	4	2	–	**465**
EBITDA	498	100	658	45	(60)	(32)	–	**1 209**

**Corporate, other companies and consolidation adjustments*

***Other operating income and other operating expenses have both been increased by R273 million due to the grossing up of the insurance amounts paid and received by ARM's two wholly owned insurance entities*

Notes to the financial statements

for the year ended 30 June 2010 (continued)

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	Ferrous Metals Rm	Coal Rm	Exploration Rm	Corporate* and other Rm	Gold Rm	**Total Rm**
10. SEGMENTAL INFORMATION								
Year ended 30 June 2010 (Audited)								
Total sales	3 156	1 224	6 435	212	1	–	–	**11 028**
Inter-group sales to ARM Ferrous	–	6	–	–	–	–	–	**6**
Sales	3 156	1 218	6 435	212	1	–	–	**11 022**
Cost of sales	(2 294)	(896)	(4 160)	(157)	–	27	–	**(7 480)**
Other operating income	11	37	148	–	–	212	–	**408**
Other operating expenses	(79)	(72)	(423)	(1)	(120)	(335)	–	**(1 030)**
Segment result	794	287	2 000	54	(119)	(96)	–	**2 920**
Income from investments	23	7	86	–	–	61	32	**209**
Finance cost	(38)	(2)	(7)	(7)	(46)	(1)	–	**(101)**
Finance cost Implats: Shareholders loan Two Rivers	(41)	–	–	–	–	–	–	**(41)**
Finance cost ARM: Shareholders loan Two Rivers	(50)	–	–	–	–	–	–	**(50)**
Loss from associate	–	–	–	(51)	–	–	–	**(51)**
Exceptional items	–	(2)	3	–	96	–	–	**97**
Taxation	(199)	(85)	(715)	(13)	1	2	–	**(1 009)**
Non-controlling interest	(174)	–	–	–	21	(9)	–	**(162)**
Contribution to earnings	315	205	1 367	(17)	(47)	(43)	32	**1 812**
Contribution to headline earnings	315	206	1 364	(17)	(143)	(43)	32	**1 714**
Other information								
Segment assets including investment in associate	5 717	2 385	9 572	3 270	348	1 761	5 180	**28 233**
Investment in associate				1 292				**1 292**
Segment liabilities	1 540	213	1 171	1 746	59	1 700	–	**6 429**
Unallocated – Deferred taxation and taxation								**3 275**
Consolidated total liabilities								**9 704**
Cash in/(out) flow from operating activities	760	365	1 322	23	(137)	188	–	**2 521**
Cash (out)/in flow from investing activities	(116)	(557)	(1 534)	(259)	149	(7)	–	**(2 324)**
Cash (out)/in flow from financing activities	(295)	(150)	1	239	(8)	(516)	–	**(729)**
Capital expenditure	148	601	1 601	339	44	5	–	**2 738**
Amortisation and depreciation	316	144	459	60	6	2	–	**987**
Impairment	–	3	–	–	7	–	–	**10**
EBITDA	1 110	431	2 459	114	(113)	(94)	–	**3 907**

**Corporate, other companies and consolidation adjustments*

Additional information

for the six months ended 31 December 2010

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

	Two Rivers Rm	Modikwa Rm	**Platinum Rm**
SEGMENTAL INFORMATION			
Six months ended 31 December 2010 (Unaudited)			
Sales			
External sales	1 071	580	**1 651**
Cost of sales	(819)	(440)	**(1 259)**
Other operating income	6	–	**6**
Other operating expenses	(16)	(14)	**(30)**
Segment result	242	126	**368**
Income from investments	2	9	**11**
Finance cost	(16)	4	**(12)**
Finance cost Implats: Shareholders loan Two Rivers	(14)	–	**(14)**
Finance cost ARM: Shareholders loan Two Rivers	(11)	–	**(11)**
Taxation	(65)	(36)	**(101)**
Non-controlling interest	(62)	(18)	**(80)**
Contribution to earnings	76	85	**161**
Contribution to headline earnings	76	85	**161**
Other information			
Segment assets	3 052	2 760	**5 812**
Segment liabilities	979	543	**1 522**
Cash inflow from operating activities	236	154	**390**
Cash outflow from investing activities	(39)	(72)	**(111)**
Cash outflow from financing activities	(130)	(1)	**(131)**
Capital expenditure	53	77	**130**
Amortisation and depreciation	116	40	**156**
EBITDA	358	166	**524**
Six months ended 31 December 2009 (Unaudited)			
Sales			
External sales	995	528	**1 523**
Cost of sales	(749)	(406)	**(1 155)**
Other operating expenses	9	–	**9**
Other operating expenses	(15)	(27)	**(42)**
Segment result	240	95	**335**
Income from investments	1	8	**9**
Finance cost	(17)	(1)	**(18)**
Finance cost Implats: Shareholders loan Two Rivers	(21)	–	**(21)**
Finance cost ARM: Shareholders loan Two Rivers	(26)	–	**(26)**
Exceptional items	–	(1)	**(1)**
Taxation	(47)	(31)	**(78)**
Non-controlling interest	(58)	(12)	**(70)**
Contribution to earnings	72	58	**130**
Contribution to headline earnings	72	59	**131**
Other information			
Segment assets	3 040	2 538	**5 578**
Segment liabilities	1 074	472	**1 546**
Cash inflow from operating activities	73	138	**211**
Cash outflow from investing activities	(50)	(32)	**(82)**
Cash outflow from financing activities	(40)	–	**(40)**
Capital expenditure	55	34	**89**
Amortisation and depreciation	120	43	**163**
EBITDA	360	138	**498**

Additional information

for the six months ended 31 December 2010

Proforma analysis of the Ferrous segment on a 100% basis	Iron ore division Rm	Manganese division Rm	Chrome division Rm	**Ferrous Total Rm**	**Attributable to ARM Rm**
SEGMENTAL INFORMATION					
Six months ended 31 December 2010 (Unaudited)					
Sales					
External sales	3 987	3 204	921	**8 112**	**4 056**
Other operating income	6	54	3	**63**	**24**
Other operating expenses	(202)	(227)	(96)	**(525)**	**(255)**
Operating profit/(loss)	2 436	1 402	(112)	**3 726**	**1 863**
Contribution to earnings	1 750	849	(87)	**2 512**	**1 256**
Contribution to headline earnings	1 750	849	(87)	**2 512**	**1 256**
Other information					
Segment assets	10 561	8 869	1 657	**21 087**	**10 300**
Segment liabilities	2 615	2 573	667	**5 855**	**924**
Cash in/(out) flow from operating activities	1 546	(30)	(220)	**1 296**	**1 148**
Cash outflow from investing activities	(1 600)	(350)	(136)	**(2 086)**	**(1 043)**
Cash outflow from financing activities	–	–	(8)	**(8)**	**(4)**
Capital expenditure	1 601	380	92	**2 073**	**995**
Amortisation and depreciation	284	143	71	**498**	**236**
EBITDA	2 720	1 545	(41)	**4 224**	**2 099**
Six months ended 31 December 2009 (Unaudited)					
Sales					
External sales	1 795	2 302	504	**4 601**	**2 301**
Other operating income	27	103	9	**139**	**39**
Other operating expenses	(106)	(276)	(144)	**(526)**	**(232)**
Operating profit/(loss)	536	515	(183)	**868**	**435**
Contribution to earnings	383	355	(136)	**602**	**303**
Contribution to headline earnings	383	355	(136)	**602**	**302**
Other information					
Segment assets	6 970	7 751	1 852	**16 573**	**8 112**
Segment liabilities	1 826	2 050	605	**4 481**	**760**
Taxation	363	581	(686)	**258**	**–**
Cash in/(out) flow from operating activities	628	(827)	(128)	**(327)**	**92**
Cash outflow from operating activities	(782)	(376)	(130)	**(1 288)**	**(644)**
Cash in/(out) flow from operating activities	106	–	(109)	**(3)**	**(1)**
Capital expenditure	777	376	135	**1 288**	**619**
Amortisation and depreciation	262	131	68	461	**223**
EBITDA	798	646	(115)	**1 329**	**658**

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Contact details and administration

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Forward-looking statements

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Directors
PT Motsepe (Executive Chairman)
AJ Wilkens (Chief Executive Officer)
F Abbott*
M Arnold
Dr MMM Bakane-Tuoane**
TA Boardman**
AD Botha**
JA Chissano (Mozambican)**
WM Gule
MW King**
AK Maditsi**
KS Mashalane
JR McAlpine**
LA Shiels
Dr RV Simelane**
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ZB Swanepoel**

**Non-executive* ***Independent non-executive*

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African Rainbow Minerals

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