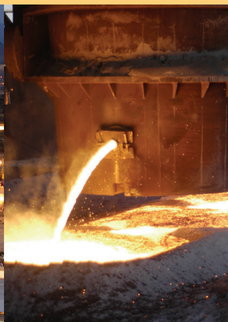
Highlights

- Headline earnings increased by 36% to R462 million
- Record product sales achieved by PGM, iron ore, nickel and ferromanganese operations benefiting fully from the current commodity price environment
- ARM Coal transaction successfully concluded shortly after year-end with Xstrata
- Modikwa Platinum Mine reported operating profit of R153 million
- ARM Broad-based Economic Empowerment Trust finalised
- Two Rivers Platinum Project ahead of schedule and within budget
- Progress toward a balanced diversified mining portfolio achieved through the implementation of the ARM growth strategy


Commentary

The board of African Rainbow Minerals (ARM) is pleased to announce the company's results for the financial year ended 30 June 2006 which have been prepared in accordance with International Financial Reporting Standards.

The past year's performance has benefited from buoyant commodity prices, good production results from the majority of our operations (iron ore and nickel in particular) and a weaker exchange rate during May and June of this year.

Headline earnings rose by 36% from R339 million to R462 million for the year ended 30 June 2006. Earnings were positively affected by Modikwa reporting its first annual profit since commissioning. Our share of Harmony Gold Mining Company Limited (Harmony) is now accounted for as an investment. Significant price increases in nickel reduced the impact of participating in only 50% of Nkomati's earnings following the disposal of 50% to LionOre in May 2005. Exploration expenses, through TEAL Exploration and Mining Incorporated (TEAL) increased significantly to R47 million for this year, in line with ARM's increased focus on Africa.

Assmang reported lower earnings and has been accounted for on a proportionate consolidation basis from 1 March 2006, as opposed to having been fully consolidated, post the reduction of ARM's stake from 50.35% to 50% and following the restructuring of the shareholders' agreement and subsequent delisting of Assmang.

Owing to the change to proportional accounting for Assmang the balance sheet at 30 June 2006 only includes 50% of the Assmang balance sheet items on a line-by-line basis. This adjustment for Assmang has a concomitant reduction in the value of minorities at 30 June 2006. Notwithstanding this adjustment, the total assets have increased to R14.6 billion which results from the mark-to-market increase of R3.6 billion for the investment in Harmony and the group capital expenditure for the year. Total consolidated net borrowings increased from R1.3 billion at 30 June 2005 to R1.8 billion at year-end, retaining ARM's net debt to equity ratio at a comfortable 17%.

In executing ARM's organic growth programme together with our partners, total consolidated capital expenditure for the year was R1.7 billion (largely attributable to the Two Rivers Platinum Project), being 61% higher than that of the prior year.

The Two Rivers Platinum Project was released in June 2005 and construction of the plant and mining infrastructure was completed before the 1 September 2006 target date and within budget.

The 8.4 Mtpa Khumani iron ore export mine on the Bruce, King and Mokaning properties, situated in the Northern Cape Province, was released for construction in February 2006 and is progressing on schedule.

ARM and its partner have also successfully completed the Dwarsrivier underground chrome mine situated in Mpumalanga Province, ahead of schedule and below budget. The Nchwaning III manganese shaft system became fully operational during the year under review.

During the year, Nkomati Nickel Mine announced that it would increase monthly run-of-mine production from 30 000 tonnes to 100 000 tonnes per month, maintaining current nickel production levels, as more fully explained later. This project is on track to reach full production by December 2007.

ARM also continued with its acquisition and diversification strategy through the formation of a major South African coal player, ARM Coal (with Xstrata), announced in February 2006. ARM owns 51% of the issued share capital of ARM Coal. ARM Coal holds participating rights in 20% of Xstrata Coal South Africa and owns 51% of the Goedgevonden project. The ARM board has also approved the exercise of an option held by ARM to acquire a further 10% in Xstrata's South African coal operations, directly, for R400 million as from 1 September 2006.

A more focused growth strategy into Africa and the unlocking of the value of our exploration assets held in Namibia, Zambia and the Democratic Republic of the Congo (DRC) was launched through the listing of TEAL Exploration and Mining Inc. (TEAL) on the Toronto Stock Exchange during November 2005 and on the JSE Limited in April 2006. At the time of its Canadian listing, TEAL raised $33 million and as a result ARM diluted its interest to 64.9%, thereby reporting an exceptional profit of R132 million.

Commentary

Harmony

Harmony reported a cash operating profit for the year ended 30 June 2006 of R1.5 billion, some 68% higher than the previous year, as the company benefited from a 28% higher Rand gold price. Gold produced for the year, however, declined by 19,5% to 74 242 kg. After accounting for, amongst other, amortisation and depreciation, interest paid and a loss on financial instruments Harmony reported a headline loss of R1.0 billion compared to a loss of R1.2 billion in the prior year. No dividend was declared. A significant increase in the Harmony share price (increasing by 96% from R58.25 to R114.10 per share), resulted in a stronger ARM balance sheet with our investment in Harmony having increased by R3.6 billion from June 2005.

Broad-based Economic Empowerment Trust

To date, trade unions and church groups as well as five provincial community upliftment trusts and a women upliftment trust have been registered as beneficiaries to the ARM Broad-based Economic Empowerment Trust, which is the holder of 28.6 million ARM shares, equating to approximately 14% of the company.

OPERATIONAL REVIEW

ARM Ferrous

The ARM Ferrous operations which are held through a 50% shareholding (2005: 50.35%) in the unlisted Assmang Limited ("Assmang") consist of three divisions namely; iron ore, manganese and chrome.

Assmang's turnover for the 2006 financial year was maintained at R4.4 billion. However, Assmang's earnings decreased by 30% to R667 million from R949 million of the previous year, mainly as a result of lower ferromanganese and ferrochrome prices and lower sales volumes for manganese ore and ferrochrome. The iron ore division reported record sales tonnages and, assisted by significant price increases, its contribution to earnings increased by 196% to R399 million. A segmental analysis of the Assmang results, on a 100% basis, is attached for additional information purposes.

	Year ended 30 June		
Assmang product volumes sales 100% basis	2006 '000 metric tonnes	2005 '000 metric tonnes	Percentage change
Iron ore	5 926	5 776	3
Manganese ore*	1 678	1 811	(7)
Manganese alloys	260	197	32
Charge chrome	210	262	(20)
Chrome ore*	178	35	409

*Excluding intra-group sales.

Earnings for Assmang – 100% basis

	Year ended 30 June	
R'million	2006	2005
Iron ore Division	399	135
Manganese Division	327	736
Chrome Division	(59)	77
Total	667	948

Logistical and port capacity constraints remain key to Assmang's growth programme for bulk commodities, specifically for iron and manganese ore. Discussions and negotiations with Transnet, in particular relating to iron and manganese ore capacity allocations, are advancing well.

Commentary

Major capital projects

During the year under review Assmang spent R705 million (2005: R699 million) on capital as per the table below:

ARM Ferrous – capital expenditure

	Year ended 30 June		
100% basis R'million	2006	2005	Percentage change
Iron ore	346	193	79
Manganese	239	353	(32)
Chrome	120	153	(22)
Total	705	699	

Capital expenditure for the iron ore operations for the year under review relate mainly to the Khumani project (R57 million); waste development to access new reserves at Beeshoek (R143 million) and mining vehicles at Beeshoek (R66 million), which vehicles will be utilised at the new Khumani iron ore mine in future. The manganese operations spent R157 million and the ferromanganese works R82 million. The chrome division spent R57 million on the completion of underground mining operations and R34 million on rebuilding furnaces at the ferrochrome works.

Construction of the new 8.4 Mtpa export Khumani iron ore mine commenced in June 2006. The first phase, at an estimated capital cost of R3.2 billion (excluding capitalised interest), will begin with first production during the 2008 calendar year. A second phase expansion (R1.6 billion estimated capital) to expand production to 16 Mtpa export capacity, forms part of the current design and incorporates some of the capital being spent in the first phase. The second phase requires further approvals and is dependant on additional increases in the capacity of Transnet's Sishen – Saldanha export channel.

ARM Platinum

The ARM Platinum division consists of an effective 41.5% in Modikwa Platinum Mine, 55% in the Two Rivers Platinum Project, 50% in the Nkomati Nickel Mine and Expansion Project and 90% in Kalplats Exploration.

The profitability of the Modikwa Platinum Mine and Nkomati Nickel Mine improved during the year as a result of increased production, the containment of costs and a significant uptrend in commodity prices. With Modikwa reaching full production and Two Rivers coming into production, this division is well-positioned to exploit the current positive PGM pricing environment.

The division's earnings attributable to ARM have increased by 89% from R120 million for the prior year to R227 million for the current financial year.

Total capital expenditure for the division amounted to R1.2 billion as detailed below:

ARM Platinum – capital expenditure

	Year ended 30 June		
100% basis R'million	2006	2005	Percentage change
Modikwa	128	104	23
Two Rivers	946	170	456
Nkomati	78	20	290
Total	1 152	294	

Commentary

Modikwa capital related mainly to the completion of the mine construction and the North shaft deepening from 4 to 5 level. At Nkomati capital expenditure was for the Phase 1 extension as well as for feasibility work for Phase 2 of the expansion.

Modikwa Platinum Mine

Modikwa has substantially completed its ramp-up to achieve full mill throughput of 240 000 tonnes per month (tpm) by the end of the 2006 calendar year. Furthermore, with the change in mining method (from down-dip mining to breast mining on strike), now sufficiently advanced, the mine can focus more aggressively on cost targets.

Modikwa Platinum Mine

Operational statistics		Year ended 30 June		
100% basis		2006	2005	Percentage change
Cash operating profits	R million	360	(173)	308
Tonnes milled	Million tonnes	2.51	2.46	2
Head grade (4E)	g/t	4.28	4.23	2
PGMs-in-concentrate	ounces	293 313	281 177	4
Cash cost	R/tonne	398	367	8
Cash cost	R/PGM oz	3 394	3 136	8
Capex	R million	128	104	23

Cash costs rose by 8% to R3 394 per PGM ounce mainly owing to the significant effort in increasing mineable ore reserves from 8 to 13 months.

Two Rivers Platinum Project

Excellent progress has been achieved with the 220 000 PGMs oz per year Two Rivers project, which will be brought into production in just 18 months from project go-ahead. Trial mining on the property commenced during 2004 and the project was officially released for construction in June 2005. Two Rivers has built up a mining stock pile of 1.1 million tonnes of ore whilst construction of the concentrator plant was in progress. Wet commissioning of the concentrator plant commenced in July of this year, followed by ore processing in August, well ahead of the targeted date of September. The Two Rivers concentrator is expected to operate at full capacity from the last quarter of the 2006 calendar year with the mine reaching full production from underground operations in the last quarter of the 2007 calendar year.

Nkomati Nickel Mine

The mine has again reported excellent results for the year, increasing cash operating profit by 57% to R547 million.

		Year ended 30 June		
100% basis		2006	2005	Percentage change
Cash operating profit	R million	547	349	57
Tonnes milled	('000)	373	346	8
Head grade	(% nickel)	1.89	2.01	(6)
On-mine cash cost per tonnes treated	(R/tonne)	392	369	(6)
Cash cost (net of by-products)	US$/lb	(0.36)	1.49	125

Commentary

		Year ended 30 June		
100% basis		2006	2005	Percentage change
Market sales				
Nickel	tonnes	5 616	5 291	6
Copper	tonnes	3 398	3 260	4
Cobalt	tonnes	257	97	165
PGMs	ounces	49 437	39 370	26

Nkomati Nickel Expansion Project

The current MSB orebody will be depleted during 2008. The joint venture partners have approved the construction of a new 100 000 tpm (increasing run-of-mine production from the current 30 000 tpm) concentrator plant and relevant infrastructure to mine the MMZ ore body and to maintain the current metal production of 5 000 tonnes per annum nickel-in-concentrate. Mining will take place from the current underground infrastructure as well as from two open pits over a 10-year period. The estimated capital cost is R384 million and construction will span 18 months to full production. The above forms part of the final expansion project currently under review.

Nkomati Nickel Enhanced chromite reserve

On 7 July 2006 ARM and LionOre announced the approval of a 60 000 tpm chrome ore mining and processing operation, following completion of a feasibility study in June 2006.

A feasibility study investigated the viability of a low-cost mining and processing operation to exploit the oxidised massive chromitite resource. This resource overlies the nickel mineralisation and forms part of the planned Pit 3 pre-strip requirements for the future nickel exploitation of the large disseminated nickel sulphide orebodies.

The results of the feasibility study undertaken indicates an extremely robust project with a low capital requirement of R15.5 million which will be funded by internal cash flow from Nkomati. The project, based on the current reserve statement, will operate for at least five years. Construction commenced with an anticipated rapid production ramp-up of two quarters to full production levels expected in the first quarter of calendar year 2007. This ramp-up includes the mining, crushing and screening of run-of-mine chromite ore to produce an upgraded saleable product with a chrome content of 38% and a chrome to iron ratio of approximately 1:65.

TEAL Exploration and Mining Inc.

At the Konkola North Copper Project in Zambia, a review and audit of the existing geological database was commissioned to reclassify and upgrade the resource base. It is expected that an early indication of the capital required for re-equipping the shaft and related infrastructure will be ready by calendar year-end. The feasibility study to assess the mining of the south and east limb areas is on schedule.

At the Mwambashi Copper Project in Zambia, the feasibility study for a 12 000 tonnes per annum copper producer remain positive, pending a favourable off-take arrangement with a third party Zambian company with whom TEAL is currently in discussion as well as a successful financing plan. Build-up to full production is expected toward the end of the 2007 calendar year.

At the Otjikoto Gold Project in Namibia the integration and geological interpretation of borehole results have motivated a continuation of the resource expansion drilling to further determine the geometry and impact of these high grade zones of gold mineralisation.

Commentary

At the Kalumines Copper-Cobalt Project in the DRC, TEAL has acquired an electric arc furnace with a capacity to produce approximately 5 000 tonnes per annum (tpa) of 'black copper' ingots, with a grading 85% to 95% copper. TEAL intends to locate the furnace in Lubumbashi in the DRC.

In Zambia, exploration drilling continues within TEAL's Copperbelt Joint Venture and its Kafue Joint Venture with an objective of upgrading and reclassifying current geological data.

Safety and Health

Regrettably, a fatal accident occurred at Modikwa Platinum Mine on 11 April 2006. Mr Zibonele Siphongo, aged 24, was fatally injured. The management and employees of ARM extend our sincere condolences to the family and friends of the deceased.

We are pleased to report the following safety milestones achieved during the year:

- Black Rock, Modikwa and Cato Ridge Works achieved a million fatality-free shifts during the period under review;
- Beeshoek was awarded the 3 000 Fatality-free Shifts Award by the Mine Health and Safety Council in December 2005;
- Beeshoek is the winner of the 2006 "Excellence in Safety"competition. With a Lost Day Injury Frequency Rate (LDIFR) of 1.2 lost-day cases per million man-hours worked, Beeshoek showed an impressive 70% improvement in its average LDIFR for the previous three years; and
- the Chrome Smelter at Machadodorp achieved its lowest LDIFR in its history.

Outlook

ARM has made significant progress in achieving a more diversified portfolio of quality, long-life mining assets. The financial results as reported for this year, good progress with our ferrous and platinum projects and the formation of ARM Coal, is further testimony to the successful implementation of our strategy. Our operations continue to strive for increased efficiencies and lower costs in order to retain our competitiveness.

Dividends

The company is continuing its high expansion phase with significant and exciting projects in the pipeline as well as a number of other growth opportunities. As a result the board of directors has decided to conserve resources and not to declare a dividend for the year ended 30 June 2006.

Review by independent auditors

The financial information has been reviewed by Ernst & Young whose unqualified review opinion is available for inspection at the company's registered office.

The annual report containing a detailed review of the operations of the company together with the audited financial statements will be posted to shareholders toward the end of October 2006.

Signed on behalf of the board

P T Motsepe
Executive Chairman

A J Wilkens
Chief Executive Officer

Johannesburg
30 August 2006

Balance Sheet
at 30 June 2006

	GROUP	
	Reviewed** 2006 Rm	Restated* 2005 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	5 004	5 025
Intangible assets	2	5
Deferred tax assets	23	68
Other investments	7 276	3 708
	12 305	8 806
Current assets		
Inventories	707	1 144
Trade and other receivables	1 160	1 528
Cash and cash equivalents	439	288
	2 306	2 960
Total assets	14 611	11 766
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	10	10
Share premium	3 557	3 497
Other reserves	2 307	(772)
Retained earnings	4 376	3 776
Shareholders' interest in capital and reserves	10 250	6 511
Minority interest	143	1 461
Total shareholders' interest	10 393	7 972
Non-current liabilities		
Long-term borrowings	1 449	962
Deferred tax liabilities	1 001	814
Long-term provisions	156	190
	2 606	1 966
Current liabilities		
Trade and other payables	627	861
Provisions	47	51
Taxation	135	304
Overdrafts and short-term borrowings	803	612
	1 612	1 828
Total equity and liabilities	14 611	11 766

* Adoption of new accounting standards – refer Notes 1 and 2.
** Assmang proportionately consolidated with effect from 1 March 2006.

Income Statement
for the year ended 30 June 2006

	GROUP	
	Reviewed 2006 Rm**	Restated* 2005 Rm
Sales	**4 622**	5 485
Cost of sales	**(3 304)**	(3 743)
Gross profit	**1 318**	1 742
Other operating income	**167**	226
Other operating expenses	**(373)**	(372)
Retrenchment costs	**–**	(8)
Profit from operations before exceptional items	**1 112**	1 588
Income from investments	**24**	22
Finance costs	**(134)**	(172)
Loss from associate	**–**	(150)
Profit before taxation and exceptional items	**1 002**	1 288
Exceptional items	**139**	155
Profit before taxation	**1 141**	1 443
Taxation	**(377)**	(530)
Profit for the period	**764**	913
Attributable to:		
Minority interest	**163**	451
Equity holders of the parent	**601**	462
	764	**913**
Additional information		
Headline earnings (R million)	**462**	339
Headline earnings per share (cents)	**225**	166
Basic earnings per share (cents)	**293**	225
Fully diluted basic earnings per share (cents)	**291**	226
Fully diluted headline earnings per share (cents)	**223**	166
Net asset value per share (cents)	**4 967**	3 185
Number of shares in issue at end of year (thousands)	**206 367**	204 437
Weighted average number of shares in issue (thousands)	**205 072**	204 370
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	**206 470**	204 794

* Adoption of new accounting standards – refer Notes 1 and 2.
** Assmang proportionately consolidated with effect from 1 March 2006.

Statement of Changes in Equity

for the year ended 30 June 2006

Group	Share capital and premium Rm	Minority interest Rm	Revaluation of listed investments Rm	Other* Rm	Retained earnings Rm	**Total Rm**
Restated						
Balance at 30 June 2004	3 505	1 326	–	(193)	3 316	**7 954**
Basic earnings	–	451	–	–	462	**913**
Dividends paid to minorities	–	(45)	–	–	–	**(45)**
Re-allocation risk funding Two Rivers	–	(271)	–	–	–	**(271)**
Realisation of land and buildings	–	–	–	(6)	–	**(6)**
Revaluation of listed investments	–	–	(962)	–	–	**(962)**
Deferred tax on revaluation of listed investment	–	–	141	–	–	**141**
Reversal of associate's other reserves	–	–	–	235	–	**235**
Share-based payments	–	–	–	11	–	**11**
Share options exercised	2	–	–	–	–	**2**
Other	–	–	–	2	(2)	**–**
Balance at 30 June 2005	3 507	1 461	(821)	49	3 776	**7 972**
Basic earnings	–	163	–	–	601	**764**
Dividends paid to minorities	–	(60)	–	–	–	**(60)**
Revaluation of listed investments	–	–	3 556	–	–	**3 556**
Deferred tax on revaluation of listed investment	–	–	(516)	–	–	**(516)**
Transfer out of minority interest, Assmang now accounted for as a joint venture	–	(1 504)	–	–	–	**(1 504)**
Share-based payments	–	–	–	34	–	**34**
Share options exercised	60	–	–	–	–	**60**
TEAL minorities at listing	–	83	–	–	–	**83**
Re-alignment of currency	–	–	–	3	–	**3**
Other	–	–	–	2	(1)	**1**
Balance at 30 June 2006	3 567	143	2 219	88	4 376	**10 393**

* Other reserves consist of revaluation of land and buildings R nil (2005: R nil; 2004: R6 million); insurance contingency R8 million (2005: R6 million; 2004: R4 million); general reserve of R32 million (2005: R32 million; 2004: R32 million); share of associate reserves R nil (2005: R nil; 2004: R(235) million); share-based payments R45 million (2005: R11 million; 2004 R nil); foreign currency translation reserve R3 million (2005: nil; 2004: nil).

Cash Flow Statement

for the year ended 30 June 2006

	GROUP	
	Reviewed 2006 Rm**	Restated* 2005 Rm
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	**4 856**	5 297
Cash paid to suppliers and employees	**(3 615)**	(3 636)
Cash generated from operations	**1 241**	1 661
Interest received	**24**	22
Interest paid	**(137)**	(183)
Dividends received	**1**	19
Dividends paid to minorities	**(60)**	(45)
Taxation paid	**(384)**	(168)
Net cash inflow from operating activities	**685**	1 306
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment to maintain operations	**(636)**	(705)
Additions to property, plant and equipment to expand operations	**(859)**	(297)
Proceeds on disposal of property, plant and equipment	**45**	39
Proceeds on disposal of investments	**–**	9
Net cash effects of disposal of 50 per cent of Nkomati	**–**	136
Net cash effects of disposal of 0.35 per cent of Assmang	**18**	–
Investment acquired	**(12)**	(8)
Net cash outflow from investing activities	**(1 444)**	(826)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on exercise of share options	**61**	2
Net cash effects of listing of TEAL	**226**	–
Long-term borrowings raised	**881**	110
Long-term borrowings repaid	**(183)**	(215)
Decrease in short-term borrowings	**(91)**	(446)
Net cash inflow/(outflow) from financing activities	**894**	(549)
Net increase/(decrease) in cash and cash equivalents	**135**	(69)
Cash and cash equivalents at beginning of year as previously stated	**47**	328
Add: Rehabilitation trust fund	**–**	29
Less: Overdrafts	**–**	(241)
Restated opening balance	**47**	116
Foreign currency translation on cash balance	**10**	–
Cash and cash equivalents at end of year	**192**	47
Cash generated from operations per share (cents)	**605**	813

* From this year the group includes overdrafts in the cash and cash equivalents for cash flow purposes and the environmental trust funds have been consolidated from this year.

** Assmang proportionately consolidated with effect from 1 March 2006.

Notes to the Financial Statements

for the year ended 30 June 2006

1. BASIS OF PREPARATION

The provisional results for the year have been prepared in accordance with International Financial Reporting Standards (IFRS) on an historical cost basis except for certain derivative financial instruments that have been measured at fair value.

The financial information for the year ended 30 June 2006 has been prepared adopting the same accounting policies used in the most recent annual financial statements, except for the adoption of various new and or revised IFRS standards.

Impact of new accounting standards

1.1 Adopting IFRS 4 – Insurance Contracts, resulted in reclassification in the income statement and segmental report of June 2005. There is no impact on earnings.

1.2 Adopting IFRS 2 – Share-based Payments.

This new standard has been applied retrospectively by the group and results in a restatement of prior year financial information. See below.

1.3 Other: There have been a number of other new and revised accounting standards issued by the International Accounting Standards Board. These had no impact on the financial statements.

2. IMPLICATIONS OF ADOPTING IFRS 2 – SHARE-BASED PAYMENTS

The group grants share options to employees under employee share incentive schemes. In accordance with the requirements of IFRS 2, the group now recognises an expense in the income statement with a corresponding credit to equity. The fair value at the date of granting the options is charged to income on a straight-line basis over the relevant option vesting periods, adjusted to reflect actual and expected levels of vesting.

The prior and current reporting period adjustments are:

Year ended 30 June 2006: R34 million – charge to income statement.

Year ended 30 June 2005: R11 million – charge to income statement and restatement of comparitives.

Notes to the Financial Statements

for the year ended 30 June 2006

	GROUP	
	Reviewed 2006 Rm	Restated 2005 Rm
3. EXCEPTIONAL ITEMS		
Profit on dilution in TEAL	**132**	–
Profit on disposal of 0.35 per cent of Assmang	**25**	–
Impairment of property, plant and equipment	**(10)**	(35)
Loss on disposal of 50 per cent of Nkomati	**(6)**	(82)
Profit on disposal of Avgold	**–**	265
Other	**(2)**	7
Exceptional items per income statement	**139**	155
Taxation	**(3)**	(41)
Minority interest	**–**	5
Profit on sale of property, plant and equipment	**3**	–
Profit on sale of property, plant and equipment in associate	**–**	4
Net exceptional items	**139**	123
4. HEADLINE EARNINGS		
Basic earnings per income statement	**601**	462
– Profit on dilution in TEAL	**(132)**	–
– Impairment of property, plant and equipment	**10**	35
– Profit on disposal of 0.35 per cent in Assmang	**(25)**	–
– Loss/(Profit) on disposal of property, plant and equipment	**(3)**	6
– Loss on disposal of 50 per cent in Nkomati	**6**	**82**
– Profit on disposal of Chambishi	**–**	(7)
– Loss on dilution of associate	**–**	2
– Profit on disposal of Avgold	**–**	(265)
– Profit on disposal of property, plant and equipment in associate	**–**	(4)
– Other	**2**	(8)
	459	303
– Taxation	**3**	**41**
– Minority interest	**–**	**(5)**
Headline earnings	**462**	339

Notes to the Financial Statements

for the year ended 30 June 2006

5. COMMITMENTS AND CONTINGENT LIABILITIES

Commitment in respect of future capital expenditure which will be funded from cash generated and available borrowing resources are summarised below:

Commitments	2006 Rm	2005 Rm
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	673	251
– not contracted for	1 641	272
Total commitments	**2 314**	523

6. CONTINGENT LIABILITIES

Shareholders are advised that the only significant change to the contingent liabilities of the group as disclosed in the June 2005 annual report relates to a contingent liability in respect of an indemnity granted in connection with the funding of the ARM shares acquired by the ARM BBEE Trust in an amount of R107 million.

7. SEGMENTAL INFORMATION

Primary segmental information

Business segments

For management purposes, the Group is organised into four major operating divisions. These are: ARM platinum (which includes platinum and nickel), ARM ferrous, ARM exploration and gold.

The nickel segment includes Nkomati (reflected under ARM platinum in the Corporate structure) at 100% for the period to 31 May 2005 and 50% thereafter.

The ARM ferrous segment includes Assmang as a subsidiary up to 28 February 2006 and as a 50 per cent joint venture proportionately consolidated thereafter.

The gold segment includes Harmony which was treated as an associate from 3 May 2004 to 30 November 2004 after which it is accounted for as an investment.

The Group's products predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments.

ARM exploration segment consists of TEAL (2005: Included under ARM Corporate).

Notes to the Financial Statements

for the year ended 30 June 2006

Reviewed	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Exploration Rm	Corporate and other companies Rm	Gold Rm	Total Rm
Year to 30 June 2006							
Sales							
External sales	767	444	3 411	–	–	–	**4 622**
Cost of sales	(608)	(191)	(2 505)	–	–	–	**(3 304)**
Other operating income per income statement	–	25	78	2	62	–	**167**
Other operating expenses per income statement	(6)	(16)	(179)	(74)	(98)	–	**(373)**
Segment result	153	262	805	(72)	(36)	–	**1 112**
Income from investments	4	1	4	4	11	–	**24**
Finance cost	(87)	–	(15)	–	(32)	–	**(134)**
Exceptional items	–	–	–	–	139	–	**139**
Taxation	(20)	(78)	(277)	–	(2)	–	**(377)**
Minority interest	(8)	–	(176)	21	–	–	**(163)**
Contribution to basic earnings	42	185	341	(47)	80	–	**601**
Contribution to headline earnings	42	185	338	(47)	(56)	–	**462**
Other information							
Segment assets	3 710	396	2 731	195	296	7 261	**14 589**
Taxation	–	–	–	–	22	–	**22**
Consolidated total assets	3 710	396	2 731	195	318	7 261	**14 611**
Segment liabilities	1 810	29	367	18	858	–	**3 082**
Unallocated liabilities (tax and deferred tax)						–	**1 136**
Consolidated total liabilities						–	**4 218**
Cash in/(out) flow from operating activities	(45)	224	723	(44)	(173)	–	**685**
Cash in/(out) flow from investing activities	(878)	(41)	(540)	(2)	17	–	**(1 444)**
Cash in/(out) flow from financing activities	507	–	(117)	226	278	–	**894**
Capital expenditure	1 064	50	554	2	1	–	**1 671**
Amortisation and depreciation	121	31	288	–	–	–	**440**

Notes to the Financial Statements

for the year ended 30 June 2006

Restated	ARM Platinum Platinum Rm	Nickel Rm	ARM Ferrous Rm	ARM Exploration Rm	Corporate and other companies Rm	Gold Rm	Total Rm
Year to 30 June 2005							
Sales							
External sales	456	623	4 406	–	–	–	**5 485**
Cost of sales	(532)	(295)	(2 916)	–	–	–	**(3 743)**
Other operating income	–	46	166	–	61	–	**273**
Other operating expenses	(7)	(63)	(193)	(25)	(139)	–	**(427)**
Segment result	(83)	311	1 463	(25)	(78)	–	**1 588**
Income from investments	2	2	2	–	16	–	**22**
Finance cost	(104)	–	(41)	–	(27)	–	**(172)**
Loss from associate	–	–	–	–	–	(150)	**(150)**
Exceptional items	–	–	(10)	–	167	(2)	**155**
Taxation	66	(94)	(465)	–	(37)	–	**(530)**
Minority interest	20	–	(471)	–	–	–	**(451)**
Contribution to basic earnings	(99)	219	478	(25)	41	(152)	**462**
Contribution to headline earnings	(99)	219	480	(25)	(81)	(155)	**339**
Other information							
Segment assets	2 295	269	5 069	–	359	3 706	**11 698**
Taxation	–	–	–	–	68	–	**68**
Consolidated total assets	2 295	269	5 069	–	427	3 706	11 766
Segment liabilities	1 138	17	790	–	731	–	**2 676**
Unallocated liabilities (tax and deferred tax)						–	**1 118**
Consolidated total liabilities						–	**3 794**
Cash in/(out) flow from operating activities	(179)	304	1 307	–	(126)	–	**1 306**
Cash in/(out) flow from investing activities	(265)	(20)	(655)	–	114	–	**(826)**
Cash in/(out) flow from financing activities	(30)	–	(577)	–	58	–	**(549)**
Capital expenditure	280	20	699	–	38	–	**1 037**
Amortisation and depreciation	85	54	285	–	2	–	**426**

Additional information

Assmang – Segment information (100% basis)

R'million	Iron Ore Division	Manganese Division	Chrome Division	Total
Year to 30 June 2006				
Turnover	1 411	2 008	939	4 358
Contribution to earnings	399	327	(59)	667
Contribution to headline earnings	399	326	(64)	661
Other information				
Consolidated total assets	1 409	2 413	1 662	5 485
Consolidated total liabilities	278	162	1 231	1 671
Capital expenditure	346	239	120	705
Depreciation	121	127	112	360
Net cash inflow from operating activities	527	124	89	739
Cash outflow from investing activities	(338)	(236)	(86)	(660)
Cash (outflow)/inflow from financing activities	27	(24)	(22)	(73)
Year to 30 June 2005				
Turnover	838	2 409	1 160	4 406
Contribution to earnings	135	736	77	949
Contribution to headline earnings	134	738	86	959
Other information				
Consolidated total assets	1 097	2 230	1 742	5 069
Consolidated total liabilities	365	115	1 251	1 731
Capital expenditure	193	353	153	699
Depreciation	113	93	79	285
Net cash inflow from operating activities	218	958	86	1 262
Cash outflow from investing activities	(192)	(344)	(119)	(655)
Cash (outflow)/inflow from financing activities	21	(554)	(44)	(577)

NOTES

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RP Menell (Deputy Chairman)*
AJ Wilkens (Chief Executive Officer)
F Abbott
Dr MMM Bakane-Tuoane**
JA Chissano (Mozambican)**
WM Gule
MW King**
AK Maditsi**
KS Mashalane
JR McAlpine**
PC Rörich
Dr PS Sibisi**
Dr RV Simelane**
MV Sisulu**
JC Steenkamp
ZB Swanepoel*

*Non-executive
**Independent non-executive

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