African Rainbow Minerals




Provisional results for the year ended 30 June 2012

We do it better

Shareholder information

Issued share capital at 30 June 2012	214 851 896 shares
Market capitalisation at 30 June 2012	ZAR35.7 billion
Market capitalisation at 30 June 2012	US$4.37 billion
Closing share price at 30 June 2012	R166.02
12 month high (1 July 2011 – 30 June 2012)	R198.88
12 month low (1 July 2011 – 30 June 2012)	R159.01
Average daily volume traded for the 12 months	393 388 shares
Primary listing	JSE Limited
Ticker symbol	ARI

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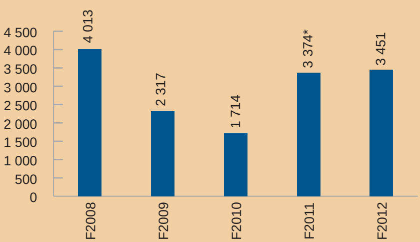
Salient features

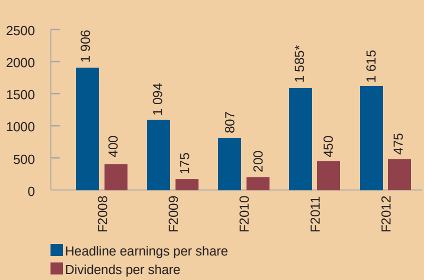
- Headline earnings increased 2% to R3.45 billion (F2011 restated: R3.37 billion) in difficult market conditions. The headline earnings per share were 1 615 cents compared to 1 585 cents in F2011 (restated).
- Sales revenue increased 18% to R17.53 billion due to increased sales volumes achieved.
- ARM declared an increased dividend of 475 cents per share, compared to the F2011 dividend of 450 cents per share.
- Significant sales volume increases across all ARM commodities except ferrochrome and Nkomati Mine chrome ore.
- Satisfactory cost containment at Two Rivers Mine, the PCB coal operations, the manganese ore mines, the manganese alloy operations, the Nkomati Mine and the chrome ore mine.
- Update on growth projects:
  – The Khumani Iron Ore Expansion Project from 10 million tonnes per annum (mtpa) to 16mtpa was successfully handed over to the mine approximately one year ahead of schedule and well below budget.
  – Full production ramp-up to 6.4 mtpa was achieved at Goedgevonden Coal Mine.
  – Significant improvement in the operational performance during the ramp-up phase of the Nkomati Nickel Mine in the second half of the financial year.
  – Konkola North Copper Project (which was renamed Lubambe Copper Project) is progressing on time and within budget with plant commissioning expected by the end of the 2012 calendar year.
- ARM maintained a robust financial position with net cash (excluding partner loans) of R2.3 billion (F2011: R2.6 billion).

Headline earnings (R million)



The F2011 headline earnings have been restated to take into account early adoption of IFRIC 20.

Headline earnings and dividends (cents per share)



The F2011 headline earnings have been restated to take into account early adoption of IFRIC 20.

ARM operational review

The ARM Board of Directors (the Board) announces a 2% improvement in headline earnings for the financial year ended 30 June 2012 (F2012). These improved results were achieved despite challenging conditions in the global macroeconomic environment which have negatively impacted most commodity prices. Headline earnings for the year were R3 451 million compared to the restated headline earnings of R3 374 million in the previous year ended 30 June 2011 (F2011). Headline earnings per share were 1 615 cents per share (F2011 restated: 1 585 cents per share).

ARM was able to mitigate the negative impact of lower US Dollar commodity prices by significantly increasing sales volumes across its portfolio of commodities as three of its four growth projects continue ramp-up to design capacity. ARM achieved higher sales volumes across all its commodities with the exception of ferrochrome and Nkomati chrome ore, as follows:

- 48% increase in iron ore sales from 10.0 million to 14.8 million tonnes;
- 43% increase in nickel sales from 8.9 thousand tonnes to 12.7 thousand tonnes;
- 40% increase in ARM Ferrous chrome ore sales from 373 thousand tonnes to 521 thousand tonnes;
- 35% increase in GGV Eskom coal sales from 2.7 million tonnes to 3.7 million tonnes;
- 24% increase in manganese alloy sales from 218 thousand tonnes to 270 thousand tonnes;
- 16% increase in the Nkomati chrome concentrate sales from 381 thousand tonnes to 441 thousand tonnes;
- 15% increase in GGV export coal sales from 2.7 million tonnes to 3.1 million tonnes;
- 4% increase in Platinum Group Metal (PGM) production (including Nkomati) from 680 thousand ounces to 708 thousand ounces; and
- 1% increase in manganese ore sales from 2.88 million tonnes to 2.91 million tonnes.

The provisional results for the year ended 30 June 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

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

Contribution to headline earnings

Commodity group	12 months ended 30 June		
R million	**Reviewed**	Restated	% change
	2012	2011	
Platinum Group Metals	**190**	350	(46)
Nkomati nickel and chrome	**(130)**	165	(179)
Ferrous metals	**3 495**	2 897	21
Coal	**52**	(103)	–
Copper	**(31)**	(173)	82
Exploration	**(113)**	–	–
Gold	**64**	32	100
Corporate and other	**(76)**	206	(137)
ARM headline earnings	**3 451**	3 374	2

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

ARM’s growth projects deliver

ARM’s focus on quality growth has had a substantially positive impact on the F2012 results as three of our four growth projects ramped up to steady state.

The Khumani Iron Ore Mine Expansion from 10 mtpa to 16 mtpa was handed over to the mine approximately one year ahead of schedule. Khumani Mine, which was expected to deliver export sales volumes of 11.4 million tonnes in F2012, achieved sales of 13.4 million tonnes export iron ore in F2012. The two million tonnes higher than planned volumes were achieved as the mine accelerated development of the project in order to take advantage of additional rail capacity available following Transnet’s advanced ramp up of the expansion of the Saldanha Export Channel from 47 mtpa to 60 mtpa.

Additional improvements at Khumani Mine are underway following the approval of the R1.2 billion Wet High Density Magnetic Separation (WHIMS) Plant which will improve ore recovery (i.e. yield) and extend the life of the mine. An additional stockpile area is in its final stages of commissioning to enable Khumani Mine to continue being opportunistic in its utilisation of available rail capacity.

Ramp-up of production at the Nkomati Mine Large Scale Expansion Project delivered a 39% increase in contained nickel in F2012. After having experienced significant head-grade and recovery challenges in the preceding 18 months, Nkomati Mine has shown significant improvement in its operational performance. Through various interventions, including advanced stripping of waste, the Nkomati Mine achieved a marked improvement in the operation’s head-grade and recoveries. The mine, however, continues to be negatively impacted by weak US Dollar nickel, chrome concentrate and platinum prices which decreased 22%, 40% and 6%, respectively. The Nkomati attributable loss was R130 million in F2012.

Goedgevonden (GGV) Mine achieved design capacity in the second half of F2012. Performance of the mine’s Coal Handling Processing Plant (CHPP), which was commissioned in F2011, improved significantly in the second half of the year resulting in saleable production at GGV increasing by 9% compared to F2011.

Quality growth is expected to continue

ARM continues to pursue growth from its existing assets. Re-affirmation by the South African Government to allocate the necessary resources to upgrade the country’s rail, port and electricity infrastructure bodes very well for the maximised utilisation of ARM’s existing assets.

Transnet recently announced its Market Demand Strategy (MDS), in which they commit to spend approximately R300 billion. Most of the capital expenditure is expected to be spent on the expansion of the South African iron ore, manganese ore and coal rail and port infrastructure. To ensure that the Company is well positioned when the infrastructure growth is delivered, ARM has feasibility studies underway to consider the growth of its iron ore and manganese ore assets.

The management and allocation of capital in ARM is a central focus of the Board and senior executive management. ARM reviews and evaluates all its capital expenditure programmes on a continuous basis.

A feasibility study into the expansion of the manganese ore mines from 3 mtpa to 4 mtpa is in progress.

At the Beeshoek Mine, capital has been approved for the diversion of the road between Postmasburg and Olifantshoek, to allow future mining of the Beeshoek Village Pit which would enable increased iron ore production from Beeshoek.

In line with ARM’s growth strategy, acquisition and joint venture opportunities are continually evaluated.

Increased focus on operational efficiencies

In 2005 ARM set a target to have all its operations (with the exception of the nickel and copper mine) positioned within the 50th percentile of each commodity's respective cost curve by the 2012 financial year. The Nkomati Nickel and Lubambe Copper (previously Konkola North Copper) mines were excluded from the F2012 target as these operations will only achieve full ramp-up in the 2014 and 2015 financial years respectively.

ARM has successfully achieved its cost target for its operations through volume growth and a number of capital interventions to improve efficiencies. The ferrochrome operations however remain positioned above the 50th percentile, therefore ARM (together with its joint venture partner Assore) has undertaken to convert three of the ferrochrome furnaces at Machadodorp Works from ferrochrome to ferromanganese production. One of the furnaces has been successfully converted whilst the conversion of two additional furnaces is under way and is expected to be completed by the end of the 2012 calendar year.

Above inflation increases in wage rates, electricity tariffs, diesel and consumables have put pressure on costs. In F2012 production unit costs increased 20% at the GGV Mine, 19% at the ferrochrome operations, 18% at Modikwa Mine and 13% at the iron ore mines. Cost increases in line with or below the consumer price inflation (CPI) were achieved at Two Rivers Mine (5%), the manganese ore mines (4%), the manganese alloy operations (1%) and at Nkomati Mine (0%). The chrome ore mine and PCB operations achieved a 10% and 5% reduction in unit costs, respectively.

The high inflation rates being experienced in the mining environment in South Africa are expected to continue placing considerable pressure on costs. ARM however remains committed to maintaining the unit operating cost at its operations below the 50th percentile of each commodity's respective cost curve.

Exploration

ARM is conscious of the need to ensure growth beyond its existing assets and in this regard has restructured its Exploration division under the leadership of Jan Steenkamp. The exploration team has a focus on identifying and assessing ferrous metals, base metals, Platinum Group Metals (PGMs) and coal exploration targets.

The division has commenced with exploration in Mozambique in conjunction with a Mozambican company Rovuma Resources. Initial results are encouraging and as a result ARM has agreed to continue with the option for the second year (commencing April 2012) to fund exploration at a cost of US$7 million per year. ARM will have exclusive rights to exercise options to purchase prospecting and/or mining rights to the resources currently being investigated.

Changes to the Board

On 1 June 2012 ARM announced changes to the composition of its Board and executive management in line with global best practice. ARM reduced the number of executive directors on its Board from eight to five with effect from 1 June 2012. The former executive directors continue to be full-time executives of the Company.

Changes to resources and reserves

Please note the following material changes to the mineral resources and reserves relative the resources and reserves disclosed in the Integrated Annual Report in 2011 as follows:

- Measured and Indicated Resource tonnes of the King orebody at Khumani Mine increased by 28% after drilling new boreholes and remodelling.
- Mineral reserve tonnes for the Lower Manganese Seam at Gloria Mine increased by 37% due to in-fill drilling.

At all other operations 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 2011, other than depletion due to continued mining activities at the operations.

Financial commentary

Headline earnings for the year to 30 June 2012 at R3 451 million were 2% or R77 million higher than the prior year restated headline earnings (F2011: R3 374 million).

ARM has implemented an early adoption of the International Financial Reporting Interpretations Committee (IFRIC) IFRIC 20: Stripping costs in the production phase of a surface mine. This interpretation would have become mandatorily effective for financial years commencing on or after 1 January 2013. This implementation is treated as a change in accounting policy and has resulted in a restatement of ARM's prior year results. The net adjustment to earnings and headline earnings for F2011 amounts to R55 million. Thus, the previously published results for ARM's headline earnings for the year to 30 June 2011 of R3 319 million have been restated to R3 374 million. The early adoption of this interpretation has a dual impact: (i) the amount of the restatement is minimised and (ii) it results in working costs at surface operations where excessive waste stripping is required being more representative of the years' operations. The impact of the application of IFRIC 20 on the F2012 headline earnings was an increase of R70 million. Note 3 to the financial statements provides a detailed analysis of this change.

Sales for the year increased by 18% to R17.5 billion (F2011: R14.9 billion). The average gross profit margin of 35% (F2011: 40%) is lower than the corresponding period largely due to decreased US Dollar commodity prices for most commodities as well as above inflation cost increases at some operations. Nkomati, which remains in ramp-up, operated at a gross profit of R57 million for the year (F2011 restated: R450 million gross profit); the decrease is largely due to the significant fall in the nickel and chrome prices during the year.

The F2012 average Rand/US Dollar of R7.77/$ was 11% higher than the average of R6.99/$ for F2011. For reporting purposes the closing exchange rate was R8.16/$ (F2011: R6.76/$).

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding exceptional items and income from associates were R6.53 billion, compared to the F2011 restated amount of R6.52 billion.

The detailed segmental contribution analysis is provided in note 2 to the financial statements.

- The ARM Ferrous contribution to ARM's headline earnings amounted to R3 495 million (F2011: R2 897 million). This is an increase of 21% over the F2011 result.
- The ARM Platinum segment contribution, which includes the results of Nkomati, was R60 million representing a substantial reduction when compared to the F2011 restated result of R515 million.
- The ARM Coal segment result improved to a profit of R52 million (F2011: R103 million loss).
- The new ARM Exploration segment costs amounted to R113 million (F2011: R nil).
- The ARM Copper result was a loss of R31 million (F2011: R173 million loss). All costs on the Lubambe Copper Project including exploration costs on Area A are being capitalised.
- The ARM Corporate, other companies and consolidation segment shows a headline loss of R76 million for the year as compared to a positive contribution of R206 million for F2011. The negative variance largely relates to increased tax charges, increased share option accounting expenses and higher corporate expenses. The tax charges include the settlement reached with the South African Revenue Services on the loan stock tax dispute. In addition there is a tax charge of R85 million reflecting the reversal of the deferred tax asset raised at 30 June 2011 pertaining to Secondary Tax on Companies (STC) which ceased on 1 April 2012. The results also include attributable insurance premium income of R157 million recognised in a cell captive, representing premium income earned following the restructuring of an underlying policy providing annual insurance protection to Group operations. This insurance income and the STC charge are not expected to be recurring.
- ARM received dividends of R64 million from its investment in Harmony during the year (F2011: R32 million).

ARM's basic earnings for F2012 approximate the reported headline earnings as net exceptional items amounted to a loss of R13 million for the year (F2011: R8 million loss).

The net cash/(debt) position at 30 June 2012 amounts to net cash of R327 million and is marginally less than the net cash position of R599 million at 30 June 2011.

Cash generated from operations decreased by R19 million from R5 988 million to R5 969 million despite an increased working capital requirement which is R556 million more than the requirement in 2011.

Capital expenditure amounted to R4 321 million for the year (F2011: R3 494 million) and was mainly expended at the growth projects of Khumani and Lubambe Copper Project (formerly the Konkola North Copper Project).

Net cash at 30 June 2012 excluding partner loans (Implats: R50 million, Anglo Platinum: R114 million, Vale/ARM joint venture: R195 million and Xstrata: R1 617 million) amounted to R2.3 billion as compared to R2.6 billion at 30 June 2011.

The ARM corporate loan facility of R1.75 billion has, subsequent to year-end, been refinanced and increased to R2.25 billion. The new facility matures in August 2015. The consolidated ARM total assets of R35.3 billion (F2011: R32.4 billion) include the marked-to-market valuation of ARM's investment in Harmony of R4.9 billion at a share price of R76.50 per share (F2011: R89.95 per share).

The effective tax rate for the year including STC was 31% (F2011: 32%). The expense for mineral royalty tax is included in Other Operating Expenses and amounts to R492 million for the year (F2011: R162 million plus State share of profit for manganese ore sales of R93 million totalling R255 million).

Safety

Safety is key to ARM and all its operations. In F2012 the Lost Time Injury Frequency Rate (LTIFR) improved from 0.43 to 0.42 per 200 000 man hours.

Despite concerted efforts to maintain the highest safety standards at all our operations, regrettably ARM lost four employees in three fatal accidents.

Two of the fatalities occurred at Two Rivers Mine. On 13 December 2011, Mr Ananias Silvano Chambale, a team leader was injured underground by a trackless mobile machine. He passed away in hospital on 15 December 2011. On 21 January 2012, Mr Daniel Vusi Ntuli, a contractor employee, was fatally injured in a fall of ground accident.

Modikwa experienced a tragic double fatality on 27 January 2012 when Ms Patricia Moropa and Mr Khateane Lenong were fatally injured in a fall of ground accident whilst installing support in an old underground working area.

The ARM Board and management extend their sincerest condolences to the family, friends and colleagues of the deceased.

Safety achievements

- Nkomati Mine, Beeshoek Mine and Khumani Mine achieved in excess of two million fatality-free shifts.
- Dwarsrivier Mine, Black Rock Mine and Cato Ridge Works achieved in excess of one million fatality-free shifts.
- Dwarsrivier Mine achieved 3 000 fatality-free production shifts in the DMR’s 1 000 fatality-free production shift competition during the first quarter.
- Beeshoek Mine completed 13 consecutive months without a Lost Time Injury (LTI).

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

ARM Ferrous

ARM Ferrous reported headline earnings of R3 495 million, an increase of 21% compared to F2011 headline earnings of R2 897 million. The increase in earnings can be attributed mainly to an increase in iron ore sales volumes. Higher sales volumes were also achieved in manganese alloys and chrome ore. Manganese ore sales volumes remained largely unchanged.

Assmang headline earnings

100% basis	12 months ended 30 June		
R million	**Reviewed**	Audited	% change
	2012	2011	
Iron ore division	**5 935**	4 654	28
Manganese division	**1 222**	1 377	(11)
Chrome division	**(171)**	(234)	27
Total	**6 986**	5 797	21
Headline earnings attributable to ARM (50%)	**3 495**	2 897	21

Iron ore sales volumes increased 47% to 14.8 million tonnes as Khumani Mine ramped up ahead of schedule and Transnet delivered better than expected efficiencies on the Saldanha Export Channel. Chrome ore sales increased 40% from 373 thousand tonnes to 521 thousand tonnes as more chrome ore became available for external sales due to the conversion of Furnaces No. 2 and No. 3 from ferrochrome to ferromanganese production. Ferromanganese sales volumes increased 24% to 270 thousand tonnes after the successful conversion of Furnace No.1 at Machadodorp Works.

Assmang sales volumes

100% basis	12 months ended 30 June		
Thousand tonnes	**2012**	2011	% change
Iron ore	**14 753**	10 006	47
Manganese ore*	**2 905**	2 882	1
Manganese alloys*	**270**	218	24
Charge chrome	**174**	238	(27)
Chrome ore*	**521**	373	40

**Excluding intra-group sales*

Assmang production volumes

100% basis	12 months ended 30 June		
Thousand tonnes	**2012**	2011	% change
Iron ore	**13 658**	9 685	41
Manganese ore	**3 296**	3 048	8
Manganese alloys	**373**	291	28
Charge chrome	**186**	237	(22)
Chrome ore	**1 004**	866	16

Realised US Dollar prices for iron ore and manganese ore decreased 10% and 24% respectively owing to challenging conditions in commodity markets. The reduction in iron ore and manganese ore prices was to some extent offset by an 11% weakening of the Rand against the US Dollar.

Costs at the iron ore operations remained under pressure as additional waste stripping and reduced capitalisation of overburden led to a 13% increase in production unit costs. Below inflation unit cost increases of 4% and 1% were achieved at the manganese ore and manganese alloy operations respectively whilst unit production costs were reduced at Dwarsrivier Chrome Mine as a result of increased volumes and improved efficiencies.

Assmang cost and EBITDA margin performance

Commodity group	Rand per tonne cost change %	EBITDA margin %
Iron ore	13	60
Manganese ore	4	25
Manganese alloys	1	24
Charge chrome	19	(10)
Chrome Ore	(10)	20

Capital expenditure (on 100% basis) was R4.5 billion (F2011: R4.1 billion). The main expenditure items included on-going development of the Khumani Iron Ore 16 mtpa Expansion Project (R2.5 billion) and the conversion at Machadodorp Works of furnaces from ferrochrome to ferromanganese production. The remainder of the capital expenditure related to feasibility studies, information technology, replacement of vehicles and ensuring compliance to legislative changes.

Assmang capital expenditure

100% basis	12 months ended 30 June	
R million	**Reviewed**	Audited
	2012	2011
Iron ore	**3 339**	3 225
Manganese	**886**	656
Chrome	**293**	216
Total	**4 518**	4 097

Projects

Khumani Iron Ore Expansion Project

The Khumani Expansion Project from 10 mtpa to 16 mtpa has been handed over to the operation and is now in the process of ramping-up to full production.

In 1H F2012 Assmang approved an amount of R1.2 billion for the development of a Wet High Density Magnetic Separation (WHIMS) Plant at Khumani Mine. Development of this plant, which is expected to improve the recovery of ore and optimise the life of the mine, has commenced. Building of the additional stockpile area at the mine is in the final commissioning stage and the capital for the diversion of the Transnet Rail Freight main line, which runs through the future King mining area, has been approved.

Beeshoek Iron Ore Mine

The R885 million development of the East pit to extend production at Beeshoek Mine by approximately 20 years, has started and to date some 5.5 million tonnes of overburden has been mined from this pit. The diversion of the road between Postmasburg and Olifantshoek (the R385) to allow for future mining of the Beeshoek Village pit is progressing on schedule. The development of the housing stands in Postmasburg is also continuing on schedule.

Manganese Ore Expansion

The feasibility study for the expansion of the manganese ore mine from 3 mtpa to 4 mtpa is in progress. This expansion may include the sinking of two additional shafts or the refurbishing of the Nchwaning No. 2 shaft. The study into building a sinter plant has been completed and will form part of the total feasibility study of the 3 mtpa to 4 mtpa expansion.

The scoping study to expand the manganese mine further, from 4 mtpa to 5 mtpa, has been completed. A more detailed feasibility study to align this further expansion with Transnet's growth of the manganese export channel will be completed during the latter part of the 2012 calendar year. Thereafter a decision on whether to proceed with the 4 mtpa to 5 mtpa expansion will be made.

Furnace conversions

Furnace No. 5 at Machadodorp Works was successfully converted from ferrochrome to ferromanganese production in 1H F2012. Work is now progressing on the conversion of Furnaces No. 2 and No. 3 at Machadodorp Works. The conversion of these two furnaces is expected to be completed by end September 2012 and the upgrading of the raw material section, which is in an advanced stage, is expected to be completed in January 2013.

Logistics

ARM Ferrous iron ore export sales volumes were significantly higher than those planned due to additional rail and port capacity made available as part of Transnet's expansion of the Saldanha Export Channel. The iron ore operations were able to opportunistically utilise the additional capacity as the Khumani Expansion Project was ahead of schedule. In addition, ore was moved from Beeshoek Mine to Khumani Mine due to the second load-out station at Khumani being commissioned ahead of time.

ARM Ferrous through Assmang continues to engage Transnet regarding further expansion of export capacity growth for iron ore and manganese ore export channels.

Iron ore and manganese ore producers together with Transnet have completed a feasibility study to expand the iron ore export capacity from the current 60 mtpa capacity to 82 mtpa through the port of Saldanha. This study was handed-over to Transnet to complete to a higher level of accuracy.

Assmang and Transnet will start to engage regarding a new manganese ore export contract through the port of Port Elizabeth and future export allocation for the period 1 April 2013 until 31 March 2017. Assmang currently also export manganese ore through the ports of Durban and Richards Bay.

Transnet is in the process of concluding a feasibility study to expand its manganese ore export capacity to approximately 12 mtpa through the Port of Ngqura commencing April 2017.

Assmang has reduced its road transport volumes of chrome ore by successfully securing rail capacity through the port of Richards Bay.

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

PGM production (on 100% basis including Nkomati) increased 4% to 708 201 ounces (F2011: 680 108 ounces) while total nickel produced increased by 39% to 14 004 tonnes (F2011: 10 100 tonnes).

Attributable headline earnings decreased by R455 million to R60 million driven mainly by a significant fall in commodity prices, above inflation wage increases, utility tariff increases, coupled with safety stoppages and industrial action.

Despite the negative impact which the above developments has had on unit production costs, Two Rivers and Modikwa continue to be positioned below the 50th percentile of the global PGM cost curve with respective unit costs of R4 779/6E PGM oz and R5 864/PGM oz.

Dollar PGM prices were lower than the corresponding period but an 11% weakening in the Rand against the US Dollar compensated for the dampened PGM prices, resulting in the basket prices for Modikwa and Two Rivers remaining essentially unchanged at R267 998/kg and R279 804/kg, respectively. The weakening of the Rand from R6.99/US$ to R7.77/US$ however was not sufficient to compensate for the significant reduction in Dollar nickel and chrome prices. This reduction severely impacted the earnings at Nkomati Mine.

The table below sets out the relevant price comparison:

Average metal prices

R million		**2012**	2011	% change
Platinum	$/oz	**1 603**	1 707	(6)
Palladium	$/oz	**673**	680	(1)
Rhodium	$/oz	**1 495**	2 248	(33)
Nickel	$/t	**18 815**	23 970	(22)
Chrome concentrate (CIF)	$/t	**168**	278	(40)

Realising the debtors at 30 June 2011 resulted in a positive mark-to-market adjustment of R97 million (F2011: negative R23 million).

Capital expenditure at ARM Platinum was R1.4 billion (R928 million attributable). Modikwa's major capital items included the deepening of North shaft, the sinking of South 2 shaft, an underground mining fleet replacement programme, a housing project and the establishment of a UG2 open pit operation. Of the capital spent at Two Rivers, 22% is associated with the replacement of the underground mining fleet, while the balance was incurred in the deepening of the Main and North declines as well as a PGM scavenger plant to enhance recoveries. Capital expenditure at Nkomati was R484 million of which R16 million was spent on the completion of the Large-Scale Expansion Project and the balance to sustain operations.

ARM Platinum capital expenditure

100% basis		
R million	**Reviewed**	Audited
	2012	2011
Modikwa	**438**	250
Two Rivers	**467**	304
Nkomati	**484**	808
Total	**1 389**	1 362

Modikwa

Modikwa experienced a challenging year caused by prolonged industrial action and safety stoppages. Cash operating profits decreased by 53% as a combined result of decreased production and increased cost. Production, both tonnes milled and PGM ounces produced, declined by 5%, with PGMs for the year totalling 304 044 6E ounces (F2011: 319 336 ounces). Unit cost increased 18% to R819 per tonne milled (F2011: R692 per tonne milled) while Rand unit cost per 6E PGM ounce increased 18% to R5 864 per ounce (F2011: R4 979 per ounce). The cost increases are a result of wage associated industrial action that lasted five weeks, high industry inflation (in particular on labour), higher electricity tariffs and increased diesel costs.

Modikwa operational statistics

100% basis		12 months ended 30 June		
		2012	2011	% change
Cash operating profit	R million	**267**	572	(53)
Tonnes milled	Mt	**2.18**	2.30	(5)
Head grade	g/t, 6E	**5.39**	5.48	(2)
PGMs in concentrate	Ounces, 6E	**304 044**	319 336	(5)
Average basket price	R/kg, 6E	**267 998**	263 530	2
Average basket price	$/oz	**1 073**	1 172	(8)
Cash operating margin	%	**13**	26	–
Cash cost	R/kg, 6E	**186 012**	160 084	16
Cash cost	R/tonne	**819**	692	18
Cash cost	R/Pt oz	**14 706**	12 468	18
Cash cost	R/oz, 6E	**5 864**	4 979	18
Cash cost	$/oz, 6E	**755**	712	6
Headline earnings attributable to ARM (41.5%)	R million	**26**	122	(79)

Two Rivers

Operationally Two Rivers performed well, increasing tonnes milled by 5%. PGMs produced increased to 320 113 ounces (F2011: 307 162 ounces). The decline in cash operating profit at Two Rivers can be attributed to the 9% decrease in the PGM basket price and the 6% increase in cash cost. Unit cash cost per PGM ounce only increased by 6% to R4 779 per 6E PGM ounce (F2011: R4 499 per 6E PGM ounce).

Two Rivers operational statistics

100% basis		12 months ended 30 June		
		2012	2011	% change
Cash operating profit	R million	**788**	881	(11)
Tonnes milled	Mt	**3.10**	2.95	5
Head grade	g/t, 6E	**3.86**	3.94	(2)
PGMs in concentrate	Ounces, 6E	**320 113**	307 162	4
Average basket price	R/kg, 6E	**279 804**	277 279	1
Average basket price	$/oz, 6E	**1 120**	1 233	(9)
Cash operating margin	%	**34**	39	–
Cash cost	R/kg, 6E	**153 642**	144 638	6
Cash cost	R/tonne	**493**	468	5
Cash cost	R/Pt oz	**10 205**	9 509	7
Cash cost	R/oz, 6E	**4 779**	4 499	6
Cash cost	$/oz, 6E	**615**	643	(4)
Headline earnings attributable to ARM (55%)	R million	**164**	228	(28)

Nkomati

A 21% increase in total tonnes milled combined with a 6% improvement in the head grade and a 5% increase in recoveries delivered a 39% growth in nickel output. The recovery in head grade can be attributed to mining starting to move into the deeper, higher grade ore in Pit 3.

Chrome ore sales declined to 64 144 tonnes (F2011: 334 803 tonnes) while chrome concentrate sales increased by 16% to 441 173 tonnes (F2011: 381 196 tonnes). A 40% decline in chrome concentrate prices from US$278/t to US$168/t negatively affected the earnings from chrome. In April 2012 Nkomati Mine put the chrome spiral plant on care and maintenance owing to deteriorating chrome market conditions. The spiral plant will be restarted as soon as market dynamics improve.

Nkomati's cash operating profit of R130 million is 84% lower relative to the previous corresponding period. The decline in profits can be attributed mainly to a 22% decline in the nickel price and depressed chrome and PGM markets. The unit cost remained flat at R272 per tonne milled (F2011: R271 per tonne milled) as a result of an increase in volumes. The C1 unit cash cost net of by-products increased to US$8.58/lb (F2011: US$4.99). Chrome credits contributing to the cash cost net of by-products reduced to US$0.06/lb (F2011: US$3.99/lb) whilst other commodity credits (including PGMs, copper and cobalt) reduced from US$4.51/lb to US$3.42/lb in F2012.

Nkomati operational statistics

100% basis		12 months ended 30 June		
		2012	2011	% change
Cash operating profit	R million	**130**	824	(84)
– Nickel Mine	R million	**115**	256	(55)
– Chrome Mine	R million	**15**	567	(97)
Cash operating margin	%	**4**	28	–
Tonnes milled	Thousand	**6.39**	5.26	21
Head grade	% nickel	**0.34**	0.32	6
Nickel on-mine cash cost per tonne milled	R/tonne	**272**	271	–
Cash cost net of by-products*	$/lb	**8.58**	4.99	72
Contained metal				
Nickel	Tonnes	**14 004**	10 100	39
PGMs	Ounces	**84 044**	53 610	57
Copper	Tonnes	**7 371**	5 210	41
Cobalt	Tonnes	**744**	553	35
Chrome ore sold	Tonnes	**64 144**	334 803	(81)
Chrome concentrate sold	Tonnes	**441 173**	381 196	16
Headline (loss)/earnings attributable to ARM (50%)	R million	**(130)**	165**	(179)

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

Projects

Modikwa Expansion

The UG2 Phase 2 replacement project to increase production at Modikwa to design capacity of 240 000 tonnes per month is ongoing. The capital expenditure required for the replacement project exceeds the cash currently being generated by the mine with cash shortfalls being funded by the partners.

Work on the South 2 decline system continues as expected. The materials decline has advanced 418 metres and the Chairlift decline has advanced 409 metres from surface. Reef was intersected at approximately 335 metres.

Two Rivers additional ore sources

A feasibility study has been completed on the extraction of UG2 ore from the deeper southern strike extent of the Main Decline. Two Rivers is currently conducting Merensky Reef trial mining and milling. To date 220 000 Merensky tonnes have been mined and 73 000 tonnes have been milled. It is planned to stop the trial mining in September 2012 and to mill an additional 60 000 tonnes in June 2013. Infill drilling to further verify metallurgical recoveries in the shallow UG2 ore at the proposed North Open Pit has been completed. An updated investment proposal will be completed in F2013.

Nkomati Nickel Large Scale Expansion Project

Total funds committed at 30 June 2012 amount to R3.5 billion of the total R3.7 billion approved for the capital project. The upgrade of the 132kV overhead distribution lines was delayed as a result of Eskom processes and completion is now expected by March 2013. This has no material impact on Nkomati in the short to medium term.

Kalplats PGM Exploration Project

The review by ARM Platinum of the Definitive Feasibility Study (DFS) submitted by Platinum Australia (PLA) in 2010 continued during the year and the planned bulk sample exercise proposed for 2012 was deferred. The viability of a possible mining operation at Kalplats is adversely affected by the lack of Eskom power and the uncertainty regarding the timing of its delivery. An application for a Retention Permit was submitted in July 2012.

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

ARM Coal's operational performance improved significantly in the year under review as the Goedgevonden (GGV) Coal Handling Processing Plant (CHPP) achieved consistent design capacity levels of production in the second half of the financial year, resulting in a 9% increase in saleable production to 6.4 million tonnes. Saleable production at the Participating Coal Business (PCB) increased by 3% as performance of the iMpunzi CHPP improved.

ARM Coal realised higher US Dollar export prices despite Richards Bay spot coal prices (API 4) having reduced from US$116 per tonne to US$88 per tonne in the year under review. The higher prices were achieved as a result of previously negotiated long-term contracts.

Increased export and Eskom sales volumes, both at GGV and PCB, coupled with the 28% increase in the realised US Dollar export prices and an 11% weaker Rand contributed significantly to the improvement in ARM Coal's cash operating profit. Cash operating profit therefore increased by 55% from R443 million to R685 million in F2012.

Headline earnings for F2012 were R52 million (F2011: R103 million headline loss) due to an increase in cash operating profit which was offset by an increase in taxation as well as an increase in finance charges, due to higher borrowing levels.

Transnet showed a marked improvement in performance since August 2011. ARM Coal however did not fully benefit from this improvement due to industrial action on two occasions during the year which hampered production during 1H F2012.

Goedgevonden Coal Mine (GGV)

The GGV Mine achieved full ramp-up in the year under review. Challenges were experienced at the mine's CHPP during 1H F2012; despite these challenges saleable production increased by 9% for F2012. Production in the second half of the 2012 financial year (2H F2012) showed a marked improvement increasing 28% when compared with 1H F2012 with sustainable good performance being achieved.

The consistent improvement in Transnet's performance since the second half of the 2011 calendar year resulted in increased export and Eskom sales volumes of 15% and 35%, respectively.

The positive variance in sales volumes together with the increase of realised prices resulted in the attributable cash operating profit increasing by 48% from R214 million to R316 million. Headline earnings of R78 million are 144% higher than F2011. Attributable export revenue in F2012 increased by R256 million of which R56 million was due to higher sales volumes, R154 million due to higher export prices and R46 million as a result of a weaker Rand.

Total attributable on mine costs increased by R77 million due to an increase in overburden removal volumes, higher diesel costs and the cessation of the capitalisation of working costs during F2011. The increase in overburden removal costs resulted in increased in-pit inventory levels which will have a positive impact on costs going forward. Operating costs per saleable tonne increased by 20% to R200 per tonne (F2011: R166 per tonne).

Goedgevonden operational statistics

100% basis		12 months ended 30 June		
		2012	2011	% change
Total production sales				
Saleable production	Mt	**6.37**	5.87	9
Export thermal coal sales	Mt	**3.06**	2.67	15
Eskom thermal coal sales	Mt	**3.69**	2.73	35
Attributable production and sales				
Saleable production	Mt	**1.66**	1.53	8
Export thermal coal sales	Mt	**0.80**	0.69	16
Eskom thermal coal sales	Mt	**0.96**	0.71	35
Average received coal price				
Export (FOB)	$/tonne	**101.90**	77.00	32
Eskom (FOT)	R/tonne	**146.06**	183.05	(20)
On mine saleable cost	R/tonne	**199.80**	165.85	20
Cash operating profit				
Total	R million	**1 216**	824	48
Attributable (26%)	R million	**316**	214	48
Headline earnings attributable to ARM	R million	**78**	32	144

Attributable profit analysis

	12 months ended 30 June		
	Reviewed	Audited	% change
	2012	2011	
Cash operating profit	**316**	214	48
Less: interest paid	**(97)**	(82)	(18)
amortisation	**(98)**	(77)	(27)
fair value adjustments	**(11)**	(17)	35
Profit before tax	**110**	38	189
Less: Tax	**(32)**	(6)	>(200)
Headline earnings attributable to ARM	**78**	32	144

Participative Coal Business (PCB)

The PCB attributable cash operating profit increased by 61% to R369 million (F2011: R229 million). Attributable headline earnings improved from a R135 million loss to a R26 million loss mainly due to the increase of R140 million in operating profit, offset by an increase of R42 million in taxation.

The disposal transaction relating to the Mpumalanga assets was finalised on 15 December 2011 and realised an attributable exceptional profit after tax of R38 million.

Increased demand resulted in Eskom sales volumes being 18% higher whilst other domestic sales declined by 39%. Export sales volumes in F2012 were marginally higher than F2011. The export sales for F2011 included 120 000 export tonnes from the Mpumalanga assets which were disposed of in F2012.

Attributable run of mine (ROM) production was 6% lower than F2011 mainly due to the inclusion of 310 000 tonnes from the Mpumalanga complex in F2011 and the closure of the South Stock underground operation during F2012. An increase in production at iMpunzi East partially compensated for these reductions.

Attributable saleable production was 3% higher than F2011 even though F2011 included 153 000 tonnes of production from the Mpumalanga assets. PCB on mine unit saleable cost at R321 per tonne was well controlled and 5% lower than F2011.

As at 30 June 2012, 92% of the capital of R2.8 billion to complete the ATCOM East project had been committed and the project is expected to be completed by December 2012.

The Tweefontein Optimisation Project (TOP) which is estimated to cost some R8.2 billion was approved by ARM and Xstrata during the financial year. Work on the project commenced towards the end of F2012 and this project is expected to be completed in F2016.

Participative Coal Business (PCB) operational statistics

100% basis		12 months ended 30 June		
		2012	2011	% change
Total production sales				
Saleable production	Mt	**13.23**	12.85	3
Export thermal coal sales	Mt	**9.29**	9.20	1
Eskom thermal coal sales	Mt	**3.28**	2.78	18
Local thermal coal sales	Mt	**0.74**	1.22	(39)
Attributable production and sales				
Saleable production	Mt	**2.67**	2.59	3
Export thermal coal sales	Mt	**1.88**	1.86	1
Eskom thermal coal sales	Mt	**0.66**	0.57	16
Local thermal coal sales	Mt	**0.15**	0.24	(38)
Average received coal price				
Export (FOB)	$/tonne	**98.75**	79.30	25
Eskom (FOT)	R/tonne	**120.31**	105.98	14
Local (FOR)	R/tonne	**262.12**	296.59	(12)
On mine saleable cost	R/tonne	**321.37**	338.07	(5)
Cash operating profit				
Total	R million	**1 828**	1 133	61
Attributable (20.2%)	R million	**369**	229	61
Headline loss attributable to ARM	R million	**(26)**	(135)	81

Attributable profit analysis

	12 months ended 30 June		
	Reviewed	Audited	% change
	2012	2011	
Cash operating profit	**369**	229	61
Less: interest paid	**(117)**	(107)	(9)
amortisation	**(268)**	(282)	5
fair value adjustments	**(20)**	(27)	26
Loss before tax	**(36)**	(187)	81
Less: Tax	**10**	52	81
Headline loss attributable to ARM	**(26)**	(135)	81

ARM's economic interest in Xstrata Coal South Africa (PCB) is 20.2%. PCB consists of two large mining complexes 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 Operations whilst total refers to 100%.

ARM Copper

Due to the similarity of the name Konkola North Copper Mine to the name of a neighbouring mine, a decision was taken to change the name from Konkola North Copper Project to Lubambe Copper Project. The name of the registered company was also changed from Konnoco (ZAMBIA) Ltd. to Lubambe Copper Mine Ltd. The new registered name of the company has been approved by the relevant authorities in Zambia. Lubambe is the Bemba (one of the local languages in Zambia) word for a Black Eagle and was chosen by the people working on the mine.

During 1H F2012 Zambian Consolidated Copper Mines Investment Holdings (ZCCM-IH) exercised their right to acquire a 20% shareholding in Lubambe Copper Mine Limited (previously Konnoco (ZAMBIA) Ltd.) and fulfilled their obligations in terms of the signed shareholders' agreement.

After the inauguration of the newly elected President and Government of the Republic of Zambia (GRZ) in October 2011, all the required agreements between the GRZ and the Vale/ARM Joint Venture were signed by the duly authorised representatives of all the parties involved securing the tenure of the mining lease area as stipulated in the agreements.

Projects

The Lubambe Copper Project

The Lubambe Copper Project is progressing within budget and in line with the baseline schedule and the planned commissioning of the concentrator plant, which is expected by the end of the 2012 calendar year.

Even though worse than expected ground conditions were encountered in the East Limb, the mechanised development for the mine is progressing well. The first ore body intersection from the East Decline was made on 4 December 2011 and the first owner mining crews commenced access development on 23 November 2011. The first ore from stoping will be delivered to the stockpile on surface before the end of September 2012.

The refurbishing of the No. 2 Vertical Shaft has been negatively affected by the steel industry strike in South Africa and resultant late delivery of the steel to site, but this delay was largely mitigated due to early access development to the 100 metre level of the vertical shaft from the East Decline. This early access enables development operations at No. 2 Shaft Complex to commence before the commissioning of the vertical shaft system. Production ramp-up to full production of 45 000 tonnes of contained copper is still expected to be reached during F2015.

Project expenditure in July 2010 terms is estimated at US$410 million, of which 94% was committed by 30 June 2012. All these costs will be capitalised and includes the cost of relocating about 205 informal houses built on a potential mining subsidence area, as defined by Zambian Mining Legislation.

The mine's throughput design from both the South and East Limb ore bodies remains at 2.5 mtpa of ore at an average mill head grade of 2.3% copper, producing 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 by the end of the 2012 calendar year and all off-take agreements have been agreed and signed.

The Lubambe Copper Project: Area A

The second phase of the Lubambe Copper Project, which provides for the exploitation of Area A South located six kilometres to the south of the present mine development, will require a vertical shaft as well as the expansion of the Lubambe Copper Mine processing plant potentially increasing the total production to 100 000 tonnes of copper in concentrate.

Exploration drilling is continuing in Area A and during F2012 five exploration drill rigs were deployed and 15 ore shale intersections were achieved. A total of 24 164 meters were drilled to determine continuity of mineralisation and to investigate ore shale presence at moderate depths on the up-dip eastern side of the Lubengele synclinal structure. Most of the drilling results have been analysed and initial results are encouraging. Feasibility study work will commence in early 2013.

In addition to the drilling programme an aero magnetic survey was carried out across the whole mining lease area with the intention to identify further exploration target areas. This information is being analysed to establish additional target areas.

The Kalumines Copper Project

The feasibility study at the Kalumines prospecting area has been completed and submitted to the shareholders. Variability drilling and test work was done, but further areas of optimisation did not achieve project value enhancements. The mining permit has been extended to 2 January 2013.

ARM owns 100% of ARM Copper. ARM Copper owns 50% of the Vale/ARM Joint Venture. Previously, ARM owned 65% of TEAL which was listed on the Toronto Stock Exchange.

ARM Exploration

ARM is conscious of the need to ensure continued growth beyond the ore bodies that currently comprise its portfolio and is in the process of implementing changes and a strategic review under the leadership of Jan Steenkamp. This will ensure that the ARM Exploration Division strategy will focus on identifying, exploring for, evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development.

ARM Exploration is a new division, and previously represented the Vale/ ARM Joint Venture which was subsequently renamed ARM Copper.

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on Platinum Group Metals, manganese ore, base metals and coal.

The agreement with Rovuma Resources Limited, a British Virgin Island registered Mozambican exploration company, was signed in July 2011. Rovuma has been exploring in Mozambique since 2007 and numerous occurrences of copper/zinc/silver/gold, nickel/copper/PGE, chromite/nickel and graphite mineralisation have been identified.

ARM agreed to continue with the second year of exploration (commencing April 2012) and to fund exploration at a cost of US$7 million per year. ARM will have exclusive rights to exercise options to purchase prospecting and/or mining rights to the resources. An airborne gravity survey to further enhance the geological understanding of the previously defined base metal mineralisation and identify drill targets has been completed. Four major target cluster areas, each comprising numerous identified areas of base metal mineralisation have been defined over a strike of approximately 100 kilometres. Drilling has now commenced and geological mapping and ground geophysical surveys are progressing to firm up other drill targets. It is planned that 8 000 metres will be drilled.

In Zambia, ARM Exploration has undertaken reconnaissance exploration work on prospective areas for high grade manganese mineralisation. Numerous targets have been identified and discussion with the rights holders has commenced.

The headline loss attributable to ARM in F2012 is R113 million (F2011: R nil) and was largely due to the investment in Rovuma.

Harmony Gold Mining Company Limited

Harmony reported an 80% increase in operating profit to R5 896 million compared to R3 275 million in F2011. Headline earnings were 148% higher at R2 372 million (F2011: R957 million). These significantly improved results were driven mainly by a 23% improvement in the realised US Dollar gold price together with an 11% increase in the R/US$ exchange rate.

Gold sold decreased by 4% from 41 043/kg to 39 545/kg whilst cash operating cost per kilogram produced increased by 20% to R270 918/kg. The US$/oz cash operating costs increased only 8% due to the weakening of the Rand against the US Dollar.

As exploration on the Walfi-Golpu deposit continues results from the resource definition programme continue to be extremely encouraging. At Golpu four holes targeting the upper levels of the resource model intersected broad zones of strongly mineralised hornblende porphyry containing up to 5% chalcopyrite. The resource drilling has also confirmed a new zone of gold mineralisation located immediately west of the Golpu copper-gold ore body. The results of the Golpu pre-feasibility study were shared with the market on 29 August 2012.

Harmony continued to focus on the optimisation of its South African assets and in 1H F2012 announced the disposal of its Evander operations to Pan African Resources plc for a purchase consideration of R1.5 billion. The main conditions precedent for the transaction are expected to be fulfilled by 31 December 2012.

After declaring an interim dividend of 40 cents per share in February 2012, Harmony declared a final dividend of 50 cents per share for F2012 in August 2012 bringing the total dividend for F2012 to 90 cents per share. ARM has accounted for the interim dividend in its 2H F2012 results and will account for the final dividend in the first half of the 2013 financial year.

The ARM Statement of Financial Position at 30 June 2012 reflects a mark-to-market investment in Harmony of R4.9 billion which is based on a Harmony share price of R76.50 per share. Changes in the value of the investment in Harmony are accounted for by ARM through the Statement of Comprehensive Income, net of deferred capital gains tax. Dividends are recognised in the ARM income statement on the last day of registration following dividend declaration.

Harmony's results for the year ended 30 June 2012 can be viewed on Harmony's website (www.harmony.co.za).

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

Outlook

Commodity markets in the year under review have been extremely strained as concerns about global growth persisted, driven by European economic and political uncertainty, lower growth in infrastructure spending in China, and uncertainty on US economic growth.

The impact of the European economic crisis on global markets has highlighted the dependence on eastern economies as a market for western products and commodities. With the sovereign debt and economic recovery challenges in some European economies unresolved, the European crisis is expected to continue putting pressure on global markets in the short term. This coupled with a benign growth outlook in the US points to a subdued global growth outlook for at least the next 12 months.

Demand for ARM Ferrous products is mostly influenced by demand from China. The slowdown in China has been influenced by demand fundamentals from Europe and the US and the deterioration in export markets. China's demand for metals will be dependent on improved regional fixed capital formation, urbanisation, re-urbanisation, rebalancing towards consumer spending and decisive reflationary policies. Deteriorating global credit and economic conditions could act as a catalyst for further Chinese government stimulus measures, which have remained more conservative than previous efforts.

Demand fundamentals in the PGM, nickel and chrome markets are expected to remain subdued in the short term due to uncertainty in the developed markets and over supply. The long-term fundamentals of these commodities are positive with a recovery in the developed markets together with supply side challenges being experienced by PGM producers expected to provide price support.

ARM is positioned well financially with a strong cash position. The Company continues to focus on further enhancing operational efficiencies to ensure we maintain a favourable cost positioning to maximise margins in the currently challenging price environment.

ARM continues to look at quality acquisitive opportunities.

Dividends

The ARM Board has approved and declared a sixth annual dividend of 475 cents per share (gross) in respect of the year ended 30 June 2012 (F2011: 450 cents per share). The amount to be paid is approximately R1 020 million. This dividend represents a 6% increase compared to the F2011 dividend of 450 cents per share, and is consistent with ARM's commitment as a globally competitive company to pay dividends and fund growth of the Company.

The dividend will be subject to the new Dividend Withholding Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax rate is 15% (fifteen per cent);
- The dividend per share is 475 cents and the Secondary Tax on Companies (STC) credits utilised are 475 cents per share;
- STC credits remain after this dividend;
- The gross local dividend amount is 475 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 475 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- ARM currently has 214 851 896 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 475 cents per ordinary share, being the dividend for the year ended 30 June 2012, has been declared payable on Monday, 1 October 2012 to those shareholders recorded in the books of the Company at the close of business on Friday, 28 September 2012. The dividend is declared in the currency of the Republic of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Thursday, 20 September 2012. The last date to trade ordinary shares *cum* dividend is Thursday, 20 September 2012. Ordinary shares trade *ex*-dividend from Friday, 21 September 2012. The record date is Friday, 28 September 2012 whilst the payment date is Monday, 1 October 2012.

No dematerialisation or rematerialisation of share certificates may occur between Friday, 21 September 2012 and Friday, 28 September 2012, both dates inclusive, nor may any transfers between registers take place during this period.

Review by independent auditors

The financial information has been reviewed by E A L Botha, CA(SA) of Ernst & Young Inc. whose unqualified review report will be 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 at the end of October 2012 and will be available on the ARM website (www.arm.co.za).

These results are a summary of the annual financial statements of ARM as at 30 June 2012.

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

Signed on behalf of the Board:

PT Motsepe
Executive Chairman

MP Schmidt
Chief Executive Officer

Johannesburg
3 September 2012

Financial statements

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Group statement of financial position

as at 30 June 2012

	Note	Reviewed 2012 Rm	Restated* 2011 Rm	Audited 1 July 2010 Rm
ASSETS				
Non-current assets				
Property, plant and equipment		**18 707**	15 584	13 256
Investment property		**12**	12	12
Intangible assets		**191**	202	212
Deferred tax asset		**3**	87	44
Loans and long-term receivables		**221**	186	51
Financial assets		**74**	45	84
Inventories		**141**	130	148
Investment in associate		**1 354**	1 331	1 292
Other investments		**4 959**	5 798	5 191
		25 662	23 375	20 290
Current assets				
Inventories		**2 458**	2 155	1 834
Trade and other receivables		**3 606**	3 113	3 026
Taxation		**26**	75	44
Cash and cash equivalents	6	**3 564**	3 668	3 039
		9 654	9 011	7 943
Total assets		**35 316**	32 386	28 233
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		**11**	11	11
Share premium		**3 937**	3 840	3 803
Other reserves		**571**	1 201	728
Retained earnings		**18 681**	16 160	13 223
Equity attributable to equity holders of ARM		**23 200**	21 212	17 765
Non-controlling interest		**1 205**	958	764
Total equity		**24 405**	22 170	18 529
Non-current liabilities				
Long-term borrowings	7	**2 216**	2 337	2 582
Deferred tax liabilities		**3 777**	3 593	2 961
Long-term provisions		**892**	549	500
		6 885	6 479	6 043
Current liabilities				
Trade and other payables		**2 318**	2 448	2 315
Short-term provisions		**463**	287	268
Taxation		**224**	270	314
Overdrafts and short-term borrowings	8	**1 021**	732	764
		4 026	3 737	3 661
Total equity and liabilities		**35 316**	32 386	28 233

** Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer notes 1 and 3).*

Group income statement

for the year ended 30 June 2012

	Note	Reviewed 2012 Rm	Restated* 2011 Rm
Revenue		**18 142**	15 360
Sales		**17 530**	14 893
Cost of sales		**(11 463)**	(8 875)
Gross profit		**6 067**	6 018
Other operating income		**859**	511
Other operating expenses	10	**(1 710)**	(1 130)
Profit from operations before exceptional items		**5 216**	5 399
Income from investments		**279**	216
Finance costs		**(232)**	(216)
Income/(loss) from associate**	4	**11**	(135)
Profit before taxation and exceptional items		**5 274**	5 264
Exceptional items	4	**(70)**	(11)
Profit before taxation		**5 204**	5 253
Taxation	9	**(1 633)**	(1 693)
Profit for the year		**3 571**	3 560
Attributable to:			
Non-controlling interest		**133**	194
Equity holders of ARM		**3 438**	3 366
		3 571	3 560

	Note	Reviewed 2012	Restated* 2011
Additional information			
Headline earnings (R million)	5	**3 451**	3 374
Headline earnings per share (cents)		**1 615**	1 585
Basic earnings per share (cents)		**1 609**	1 581
Diluted headline earnings per share (cents)		**1 604**	1 578
Diluted basic earnings per share (cents)		**1 598**	1 574
Number of shares in issue at end of year (thousands)		**214 852**	213 133
Weighted average number of shares in issue (thousands)		**213 689**	212 889
Weighted average number of shares used in calculating diluted earnings per share (thousands)		**215 118**	213 871
Net asset value per share (cents)		**10 798**	9 952
EBITDA (R million)		**6 531**	6 517
Dividend declared after year-end (cents per share)		**475**	450

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer notes 1 and 3).*

** *Exceptional gain net of tax included in income/(loss) from associate R38 million (F2011: R nil).*

Group statement of comprehensive income
for the year ended 30 June 2012

Group	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
For the year ended 30 June 2011 (restated*)						
Profit for the year to 30 June 2011	–	–	3 366	**3 366**	194	**3 560**
Other comprehensive income						
Revaluation of listed investment	544	–	–	**544**	–	**544**
Deferred tax on revaluation of listed investment	(76)	–	–	**(76)**	–	**(76)**
Net impact of revaluation of listed investment	468	–	–	**468**	–	**468**
Foreign exchange on loans to foreign Group entity	–	(82)	–	**(82)**	–	**(82)**
Deferred tax on foreign exchange on loans to foreign Group entity	–	11	–	**11**	–	**11**
Cash flow hedge reserve	–	(4)	–	**(4)**	–	**(4)**
Foreign currency translation reserve movement	–	40	–	**40**	–	**40**
Total comprehensive income for the year	468	(35)	3 366	**3 799**	194	**3 993**
For the year ended 30 June 2012 (reviewed)						
Profit for the year to 30 June 2012	–	–	3 438	**3 438**	133	**3 571**
Other comprehensive income						
Revaluation of listed investment	(856)	–	–	**(856)**	–	**(856)**
Deferred tax on revaluation of listed investment	81	–	–	**81**	–	**81**
Net impact of revaluation of listed investment	(775)	–	–	**(775)**	–	**(775)**
Foreign exchange on loans to foreign Group entity	–	117	–	**117**	–	**117**
Deferred tax on foreign exchange on loans to foreign Group entity	–	(20)	–	**(20)**	–	**(20)**
Cash flow hedge reserve	–	(11)	–	**(11)**	–	**(11)**
Foreign currency translation reserve movement	–	16	–	**16**	–	**16**
Total comprehensive income for the year	(775)	102	3 438	**2 765**	133	**2 898**

** Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer notes 1 and 3).*

Group statement of changes in equity

for the year ended 30 June 2012

Group	Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
Balance at 30 June 2010 (audited)	3 814	446	282	13 223	**17 765**	764	**18 529**
Profit for the year to 30 June 2011 (restated)**	–	–	–	3 366	**3 366**	194	**3 560**
Other comprehensive income	–	468	(35)	–	**433**	–	**433**
Total comprehensive income for the year	–	468	(35)	3 366	**3 799**	194	**3 993**
Share-based payments	–	–	37	–	**37**	–	**37**
Share options exercised	37	–	–	–	**37**	–	**37**
Dividend paid	–	–	–	(426)	**(426)**	–	**(426)**
Other	–	–	3	(3)	**–**	–	**–**
Balance at 30 June 2011 (restated)**	3 851	914	287	16 160	**21 212**	958	**22 170**
Profit for the year to 30 June 2012	–	–	–	3 438	**3 438**	133	**3 571**
Other comprehensive income	–	(775)	102	–	**(673)**	–	**(673)**
Total comprehensive income for the year	–	(775)	102	3 438	**2 765**	133	**2 898**
Share-based payments	–	–	47	–	**47**	–	**47**
Share options exercised	97	–	–	–	**97**	–	**97**
Dividend paid	–	–	–	(959)	**(959)**	–	**(959)**
Part disposal of interest in Lubambe (previously called Konnoco)	–	–	–	38	**38**	114	**152**
Other	–	–	(4)	4	**–**	–	**–**
Balance at 30 June 2012 (reviewed)	3 948	139	432	18 681	**23 200**	1 205	**24 405**

** Other reserves consist of the following:*	**2012 Rm**	2011 Rm	2010 Rm
General reserve	**32**	32	32
Insurance contingency	**12**	18	15
Share-based payments	**351**	304	267
Cash flow hedge reserve	**1**	12	16
Foreign exchange on loans to foreign Group entity	**20**	(77)	(6)
Foreign currency translation reserve	**30**	12	(28)
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**432**	287	282

*** Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer notes 1 and 3) .*

Group statement of cash flows

for the year ended 30 June 2012

	Note	Reviewed 2012 Rm	Restated* 2011 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**17 883**	15 409
Cash paid to suppliers and employees		**(11 914)**	(9 421)
Cash generated from operations	11	**5 969**	5 988
Interest received		**214**	181
Interest paid		**(106)**	(117)
Dividends received		**64**	33
Dividend paid		**(959)**	(426)
Taxation paid		**(1 294)**	(1 240)
Net cash inflow from operating activities		**3 888**	4 419
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(1 180)**	(797)
Additions to property, plant and equipment to expand operations		**(2 866)**	(2 241)
Proceeds on disposal of property, plant and equipment		**1**	3
Investment in associate		**(23)**	(178)
Investment in RBCT		**(17)**	(63)
Decrease/(increase) in loans and long-term receivables		**8**	(106)
Net cash outflow from investing activities		**(4 077)**	(3 382)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		**50**	37
Long-term borrowings raised		**501**	283
Long-term borrowings repaid		**(294)**	(596)
Decrease in short-term borrowings		**(78)**	(312)
Net cash inflow/(outflow) from financing activities		**179**	(588)
Net (decrease)/increase in cash and cash equivalents		**(10)**	449
Cash and cash equivalents at beginning of year		**3 227**	2 791
Foreign currency translation on cash balance		**10**	(13)
Cash and cash equivalents at end of year	6	**3 227**	3 227

** Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer notes 1 and 3).*

Notes to the financial statements

for the year ended 30 June 2012 (reviewed)

1 STATEMENT OF COMPLIANCE

The Group provisional financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board (IASB), the AC 500 standards as issued by the Financial Reporting Standards Council or its successor, requirements of the South African Companies Act and the Listings Requirements of the JSE Limited.

BASIS OF PREPARATION

The Group provisional results for the year under review have been prepared under the supervision of the financial director Mr M Arnold, CA(SA). The Group provisional financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued by mark to market. The accounting policies used are consistent with those in the most recent annual financial statements, except for those listed below and 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 during the course of the year:

Standard	**Subject**
IFRS 1	First-time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010)
	First-time adoption of International Financial Reporting Standards – Severe hyperinflation and removal of fixed dates for first time adaptors (Amendment)
	First-time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010)
	First-time adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS (Amendment)
	First-time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to date regulation (Annual improvements project 2010)
IFRS 7	Financial instruments: Disclosures – Transfer of financial assets (Amendment)
	Financial instruments: Disclosures – Clarification of disclosures (Annual improvements project 2010)
IAS 1	Presentation of financial statements – Clarification of statements of changes in equity (Annual improvements project 2010)
IAS 24	Related party disclosure (revised)
IAS 34	Interim financial reporting – Significant events and transactions (Annual improvements project 2010)
IFRIC 13	Customer loyalty programmes – Fair value of award credit (Annual improvements project 2010)
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions – Pre-payments of a minimum funding requirement (Amendment)

The adoption of these amendments, standards and interpretations only resulted in changes to the manner in which the annual financial statements are presented as well as additional disclosures in the annual financial statements.

The Group has early adopted the following interpretation:
IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine.

This interpretation is effective for annual periods commencing on or after 1 January 2013, which would ordinarily mean it would apply to ARM from the year ending 30 June 2013, however ARM has elected to early adopt this interpretation and apply it for the year ended 30 June 2012. In accordance of the transitional provision of the interpretation, the requirements were applied retrospectively to production stripping costs incurred on or after 1 July 2010 (commencement of the comparative financial period). The interpretation now clarifies that an entity can recognise production stripping costs of a surface mining operation as part of a stripping activity asset if certain requirement as per the IFRIC 20 are met. Refer to note 3 for details of the financial effect of early adoption of this interpretation.

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

Standard	**Subject**	**Effective date**
IFRS 9	Financial instruments – Classification and measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of other comprehensive income (Amendment)	1 January 2012
IAS 12	Income taxes – Recovery of underlying assets (Amendment)	1 January 2012
IAS 19	Employee benefits (Amendment)	1 January 2013
IAS 27	Separate financial statements (as revised in 2011)	1 January 2013
IAS 28	Investment in associate and joint ventures (as revised in 2011)	1 January 2013

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

Notes to the financial statements

for the year ended 30 June 2012

PRIMARY SEGMENTAL INFORMATION

		ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper** Rm	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	**Total Rm**
2.1	**Year to 30 June 2012 (reviewed)**								
	Sales	4 914	11 844	772	–	–	–	–	**17 530**
	Cost of sales	(4 261)	(6 690)	(557)	–	–	45	–	**(11 463)**
	Other operating income	33	435	–	23	–	368	–	**859**
	Other operating expenses	(355)	(893)	(1)	(33)	(113)	(315)	–	**(1 710)**
	Segment result	331	4 696	214	(10)	(113)	98	–	**5 216**
	Income from investments	33	124	–	–	–	58	64	**279**
	Finance cost	(47)	(14)	(103)	(34)	–	(26)	–	**(224)**
	Finance cost Implats: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
	Finance cost ARM: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
	Income from associate	–	–	11	–	–	–	–	**11**
	Exceptional items	1	(71)	–	–	–	–	–	**(70)**
	Taxation	(110)	(1 292)	(32)	(5)	–	(194)	–	**(1 633)**
	Non-controlling interest	(139)	–	–	18	–	(12)	–	**(133)**
	Contribution to basic earnings	61	3 443	90	(31)	(113)	(76)	64	**3 438**
	Contribution to headline earnings	60	3 495	52	(31)	(113)	(76)	64	**3 451**
	Other information:								
	Segment assets, including investment in associate	8 821	14 751	3 628	2 000	–	1 248	4 868	**35 316**
	Investment in associate	–	–	1 354	–	–	–	–	**1 354**
	Segment liabilities	1 828	1 548	1 855	427	–	1 252	–	**6 910**
	Unallocated liabilities (tax and deferred tax)								**4 001**
	Consolidated total liabilities								**10 911**
	Cash inflow/(outflow) from operating activities	651	3 879	368	(51)	(113)	(910)	64	**3 888**
	Cash outflow from investing activities	(828)	(2 179)	(108)	(959)	–	(3)	–	**(4 077)**
	Cash (outflow)/inflow from financing activities	(78)	(2)	(269)	191	–	337	–	**179**
	Capital expenditure	928	2 171	151	1 065	–	6	–	**4 321**
	Amortisation and depreciation	521	677	109	4	–	4	–	**1 315**
	Impairment	(1)	69	–	–	–	–	–	**68**
	EBITDA	852	5 373	323	(7)	(113)	103	–	**6 531**

* *Corporate, other companies and consolidation adjustments.*

** *With effect from 1 July 2011 ARM Copper segment comprises an effective 40% share in the Lubambe (previously Konkola North) Project, an effective 30% shareholding in the Kalumines Copper project, and an effective 50% shareholding in the Lusaka Kabwe Project. All these projects are held within the Vale/ARM joint venture.*

Notes to the financial statements

for the year ended 30 June 2012

PRIMARY SEGMENTAL INFORMATION (continued)

		ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper** Rm	Corporate and other* Rm	Gold Rm	**Total Rm**
2.2	**Year to 30 June 2011 (restated)**							
	Total sales	4 854	9 538	505	–	–	–	**14 897**
	Inter-Group sales to ARM Ferrous	(4)	–	–	–	–	–	**(4)**
	Sales	4 850	9 538	505	–	–	–	**14 893**
	Cost of sales	(3 522)	(5 009)	(381)	–	37	–	**(8 875)**
	Other operating income	31	125	–	–	355	–	**511**
	Other operating expenses	(332)	(425)	(2)	(151)	(220)	–	**(1 130)**
	Segment result	1 027	4 229	122	(151)	172	–	**5 399**
	Income from investments	33	71	–	–	80	32	**216**
	Finance cost	(45)	(13)	(85)	(47)	10	–	**(180)**
	Finance cost Implats: Shareholders' loan Two Rivers	(16)	–	–	–	–	–	**(16)**
	Finance cost ARM: Shareholders' loan Two Rivers	(20)	–	–	–	–	–	**(20)**
	Loss from associate	–	–	(135)	–	–	–	**(135)**
	Exceptional items	(4)	(7)	–	–	–	–	**(11)**
	Taxation	(251)	(1 388)	(5)	(2)	(47)	–	**(1 693)**
	Non-controlling interest	(212)	–	–	27	(9)	–	**(194)**
	Contribution to basic earnings	512	2 892	(103)	(173)	206	32	**3 366**
	Contribution to headline earnings	515	2 897	(103)	(173)	206	32	**3 374**
	Other information:							
	Segment assets, including investment in associate	8 620	11 923	3 544	683	1 892	5 724	**32 386**
	Investment in associate	–	–	1 331	–	–	–	**1 331**
	Segment liabilities	1 811	1 271	1 924	209	1 138	–	**6 353**
	Unallocated liabilities (tax and deferred tax)							**3 863**
	Consolidated total liabilities							**10 216**
	Cash inflow/(outflow) from operating activities	1 483	3 413	174	(136)	(547)	32	**4 419**
	Cash outflow from investing activities	(776)	(1 822)	(427)	(313)	(44)	–	**(3 382)**
	Cash (outflow)/inflow from financing activities	(329)	(3)	78	–	(334)	–	**(588)**
	Capital expenditure	923	1 967	85	475	44	–	**3 494**
	Amortisation and depreciation	513	499	95	6	5	–	**1 118**
	Impairment	4	–	–	–	–	–	**4**
	EBITDA	1 540	4 728	217	(145)	177	–	**6 517**

* *Corporate, other companies and consolidation adjustments.*

** *ARM Copper was previously called ARM Exploration and comprises an effective 40% share in the Lubambe (previously Konkola North) Project, an effective 30% shareholding in the Kalumines Copper project, and an effective 50% shareholding in the Lusaka Kabwe Project. All these projects are held within the Vale/ARM joint venture.*

Notes to the financial statements

for the year ended 30 June 2012

SEGMENTAL INFORMATION (continued)

The ARM platinum segment is analysed further into Two Rivers Platinum (Pty) Limited, ARM Mining Consortium Limited which includes Modikwa Platinum Mine and Nkomati nickel mine.

		Nkomati Rm	Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
2.3	**Year to 30 June 2012 (reviewed)**				
	Sales				
	External sales	1 554	2 335	1 025	**4 914**
	Cost of sales	(1 497)	(1 811)	(953)	**(4 261)**
	Other operating income	11	10	12	**33**
	Other operating expenses	(234)	(68)	(53)	**(355)**
	Segment result	(166)	466	31	**331**
	Income from investments	6	13	14	**33**
	Finance cost	(3)	(42)	(2)	**(47)**
	Finance cost Implats: Shareholders' loan Two Rivers Platinum (Pty) Limited	–	(4)	–	**(4)**
	Finance cost ARM: Shareholders' loan Two Rivers Platinum (Pty) Limited	–	(4)	–	**(4)**
	Exceptional items	1	–	–	**1**
	Taxation	33	(132)	(11)	**(110)**
	Non-controlling interest	–	(133)	(6)	**(139)**
	Contribution to basic earnings	(129)	164	26	**61**
	Contribution to headline earnings	(130)	164	26	**60**
	Other information:				
	Segment and consolidated assets	2 786	3 443	2 592	**8 821**
	Segment liabilities	366	1 048	414	**1 828**
	Unallocated liabilities (tax and deferred tax)				**1 224**
	Consolidated total liabilities				**3 052**
	Cash inflow from operating activities	13	588	50	**651**
	Cash outflow from investing activities	(272)	(332)	(224)	**(828)**
	Cash outflow from financing activities	(3)	(74)	(1)	**(78)**
	Capital expenditure	242	467	219	**928**
	Amortisation and depreciation	192	249	80	**521**
	Impairment	(1)	–	–	**(1)**
	EBITDA	26	715	111	**852**

Notes to the financial statements

for the year ended 30 June 2012

SEGMENTAL INFORMATION (continued)

		Nkomati Rm	Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
2.4	**Year to 30 June 2011 (restated)**				
	Sales				
	External sales	1 495	2 274	1 081	**4 850**
	Cost of sales	(1 045)	(1 634)	(843)	**(3 522)**
	Other operating income	11	12	8	**31**
	Other operating expenses	(236)	(30)	(66)	**(332)**
	Segment result	225	622	180	**1 027**
	Income from investments	8	8	17	**33**
	Finance cost	(2)	(41)	(2)	**(45)**
	Finance cost Implats: Shareholders' loan Two Rivers Platinum (Pty) Limited	–	(16)	–	**(16)**
	Finance cost ARM: Shareholders' loan Two Rivers Platinum (Pty) Limited	–	(20)	–	**(20)**
	Exceptionals	(4)	–	–	**(4)**
	Taxation	(65)	(138)	(48)	**(251)**
	Non-controlling interest	–	(187)	(25)	**(212)**
	Contribution to basic earnings	162	228	122	**512**
	Contribution to headline earnings	165	228	122	**515**
	Other information:				
	Segment and consolidated assets	2 717	3 173	2 730	**8 620**
	Segment liabilities	226	1 001	584	**1 811**
	Unallocated liabilities (tax and deferred tax)				**1 230**
	Consolidated total liabilities				**3 041**
	Cash inflow from operating activities	495	669	319	**1 483**
	Cash outflow from investing activities	(483)	(174)	(119)	**(776)**
	Cash outflow from financing activities	–	(329)	–	**(329)**
	Capital expenditure	494	304	125	**923**
	Amortisation and depreciation	209	228	76	**513**
	Impairment	4	–	–	**4**
	EBITDA	434	850	256	**1 540**

Notes to the financial statements

for the year ended 30 June 2012

SEGMENTAL INFORMATION (continued)
Additional information

	Pro forma analysis of the Ferrous segment on a 100% basis **Year to 30 June 2012 (reviewed)**	Iron Ore Division Rm	Manganese Division Rm	Chrome Division Rm	**Total Rm**	**Attributable to ARM Rm**
2.5	**Sales**	15 296	6 352	2 040	**23 688**	**11 844**
	Other operating income	1 022	417	163	**1 602**	**435**
	Other operating expense	(1 688)	(596)	(234)	**(2 518)**	**(893)**
	Operating profit	8 370	1 280	(258)	**9 392**	**4 696**
	Contribution to earnings	5 835	1 223	(174)	**6 884**	**3 443**
	Contribution to headline earnings	5 935	1 222	(171)	**6 986**	**3 495**
	Other information:					
	Consolidated total assets	19 718	9 316	1 172	**30 206**	**14 751**
	Consolidated total liabilities	5 042	1 934	838	**7 814**	**1 548**
	Capital expenditure	3 339	886	293	**4 518**	**2 171**
	Amortisation and depreciation	910	321	163	**1 394**	**677**
	Cash inflow from operating activities	4 284*	1 244	229	**5 757**	**3 879**
	Cash outflow from investing activities	(3 262)	(602)	(494)	**(4 358)**	**(2 179)**
	Cash outflow from financing activities	–	–	(5)	**(5)**	**(2)**
	EBITDA	9 280	1 601	(95)	**10 786**	**5 373**
2.6	**Year to 30 June 2011 (audited)**					
	Sales	10 342	6 466	2 267	**19 075**	**9 538**
	Other operating income	378	147	36	**561**	**125**
	Other operating expense	(691)	(317)	(152)	**(1 160)**	**(425)**
	Operating profit	6 485	2 289	(315)	**8 459**	**4 229**
	Contribution to earnings	4 650	1 369	(234)	**5 785**	**2 892**
	Contribution to headline earnings	4 654	1 377	(234)	**5 797**	**2 897**
	Other information:					
	Consolidated total assets	15 051	7 902	1 460	**24 413**	**11 923**
	Consolidated total liabilities	4 203	1 984	718	**6 905**	**1 271**
	Capital expenditure	3 225	656	216	**4 097**	**1 967**
	Amortisation and depreciation	593	287	148	**1 028**	**499**
	Cash inflow/(outflow) from operating activities	5 996	(980)*	(189)	**4 827**	**3 413**
	Cash outflow from investing activities	(2 788)	(649)	(207)	**(3 644)**	**(1 822)**
	Cash outflow from financing activities	–	–	(6)	**(6)**	**(3)**
	EBITDA	7 078	2 576	(167)	**9 487**	**4 728**

** Dividend paid amounting to R2 billion (F2011: R2 billion) included in cash flows from operating activities.*

Notes to the financial statements
for the year ended 30 June 2012

3 Financial effect of early adoption of IFRIC 20 – Accounting for stripping costs in the production phase of a surface

Previously, ARM expensed all production phase stripping costs as incurred and did not capitilise any as deferred stripping assets. Accordingly, the adoption of IFRIC 20 did not have any impact on the opening balances in respect of the financial year ended 30 June 2011.

Adopting IFRIC 20 had the following impact on the Group's profit before income taxes, net profit after income taxes, and the statement of financial position as of and for the year ended 30 June 2011:

Income statement for the year ended 30 June 2011	Pre-tax Rm	Tax effect Rm	Post-tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	90	(25)	65
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	(7)	2	(5)
Decrease due to depreciation of the stripping activity asset	(6)	1	(5)
Net increase in profit	77	(22)	55

Statement of financial position as at 30 June 2011	As previously reported Rm	Effect of adoption of IFRIC 20 Rm	Restated after adoption of IFRIC 20 Rm
Property, plant and equipment	15 500	84	15 584
Inventories	2 162	(7)	2 155
Deferred taxation	(3 571)	(22)	(3 593)
Retained earnings	(16 105)	(55)	(16 160)

Impact on the 30 June 2012 financial information

Adopting IFRIC 20 had the following impact on the Group's profit before income taxes, net profit after income taxes, and the statement of financial position as of and for the current year ended 30 June 2012:

Income statement for the year ended 30 June 2012	Pre-tax Rm	Tax effect Rm	Post-tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	**156**	**(44)**	**112**
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	**(5)**	**2**	**(3)**
Decrease due to depreciation of the stripping activity asset	**(54)**	**15**	**(39)**
Net increase in profit	**97**	**(27)**	**70**

Statement of financial position as at 30 June 2012	Effect of adoption of IFRIC 20 Rm
Property, plant and equipment	**102**
Inventories	**(5)**
Deferred taxation	**(27)**
Retained earnings	**(70)**

Effect on per share information.

The effect of adopting IFRIC 20 on earnings per share and headline earnings per share for the years ended 30 June 2011 and 2012 were as follows:

	2012 cents	2011 cents
Basic earnings per share increase	**33**	26
Headline earnings per share increase	**33**	26
Diluted basic earnings per share increase	**33**	26
Diluted headline earnings per share increase	**33**	26

Notes to the financial statements
for the year ended 30 June 2012

		Reviewed 2012 Rm	Restated 2011 Rm
4	**EXCEPTIONAL ITEMS**		
	Loss on sale of property,plant and equipment	**(2)**	(7)
	Impairments of property, plant and equipment	**(68)**	(4)
	Exceptional items per income statement	**(70)**	(11)
	Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	**52**	–
	Taxation accounted for in associate	**(14)**	–
	Taxation	**19**	3
	Total amount adjusted for headline earnings	**(13)**	(8)
5	**HEADLINE EARNINGS**		
	Basic earnings per income statement	**3 438**	3 366
	– Profit on sale of property, plant and equipment in associate – ARM Coal	**(52)**	–
	– Impairments of property, plant and equipment	**68**	4
	– Loss on sale of property, plant and equipment	**2**	7
		3 456	3 377
	– Taxation	**(5)**	(3)
	Headline earnings	**3 451**	3 374
6	**CASH AND CASH EQUIVALENTS**		
	– African Rainbow Minerals Limited	**161**	962
	– ARM Finance Company SA	**107**	–
	– Assmang Limited	**2 160**	1 473
	– ARM Platinum Proprietary Limited	**152**	285
	– Kingfisher Insurance Co Limited	**146**	139
	– Nkomati	**43**	176
	– Two Rivers Platinum Proprietary Limited	**2**	4
	– Vale/ARM joint venture	**60**	36
	– Venture Building Trust Proprietary Limited	**4**	5
	– Restricted cash	**729**	588
	Total as per statement of financial position	**3 564**	3 668
	Less: Overdrafts (included in note 8)	**337**	441
	Total as per statement of cash flows	**3 227**	3 227
7	**LONG-TERM BORROWINGS**		
	– African Rainbow Minerals Limited	**–**	410
	– ARM Finance Company SA	**277**	–
	– ARM Mining Consortium Limited	**–**	1
	– ARM Coal Proprietary Limited	**1 604**	1 781
	– Two Rivers Platinum Proprietary Limited	**140**	145
	– Vale/ARM joint venture	**195**	–
		2 216	2 337
8	**OVERDRAFTS AND SHORT-TERM BORROWINGS**		
	– African Rainbow Minerals Limited	**415**	–
	– Assmang Limited	**–**	2
	– ARM Mining Consortium Limited	**171**	129
	– ARM Coal Proprietary Limited	**13**	27
	– Two Rivers Platinum Proprietary Limited – Bank loans and overdrafts	**337**	464
	– Two Rivers Platinum Proprietary Limited – Impala Platinum	**50**	73
	– Other	**35**	37
		1 021	732

Notes to the financial statements

for the year ended 30 June 2012

		Reviewed 2012 Rm	Restated 2011 Rm
9	**TAXATION**		
	South African normal taxation		
	– current year	**1 184**	975
	– mining	**1 043**	875
	– non-mining	**141**	100
	– prior year	**69**	–
	State's share of profits	**–**	93
	Deferred taxation	**329**	525
	Foreign taxes	**1**	–
	Secondary Tax on Companies	**50**	100
		1 633	1 693
10	**MINERAL ROYALTY TAXATION**		
	Included in other operating expenses are amounts relating to ARM's attributable portion of mineral royalty taxes paid.		
	Assmang Limited	**438**	137
	ARM Mining Consortium Limited	**3**	6
	ARM Coal Proprietary Limited	**1**	1
	Nkomati	**7**	7
	Two Rivers Platinum Proprietary Limited	**43**	11
		492	162
11	**CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL MOVEMENTS**		
	Cash generated from operations before working capital movement	**7 158**	6 621
	Working capital changes	**(1 189)**	(633)
	Movement in receivables	**(528)**	(10)
	Movement in payables and provisions	**(286)**	(216)
	Movement in inventories	**(375)**	(407)
	Cash generated from operations – per cash flow	**5 969**	5 988
12	**COMMITMENTS**		
	Commitments in respect of future capital expenditure, which will be funded from operating cash flows and by utilising available cash and borrowing resources, are summarised below:		
	Commitments		
	Commitments in respect of capital expenditure:		
	Approved by directors		
	– contracted for	**3 580**	3 383
	– not contracted for	**419**	600
	Total commitments	**3 999**	3 983

13 CONTINGENT LIABILITIES

During the current financial year the Company entered into a cash settlement of R40 million with the South African Revenue Services (SARS) relating to the previously reported contingent liability which arose from it's dispute with SARS over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

There have been no other significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2011 annual report.

14 EVENTS AFTER REPORTING DATE

The ARM corporate loan facility of R1.75 billion has been refinanced and increased to R2.25 billion. The new facility matures in August 2015.

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

Contact details and administration

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Incorporated in the Republic of South Africa
Registration number: 1933/004580/06
JSE share code: ARI
ISIN: ZAE000054045
(“ARM” or the “Company”)

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Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macroeconomic factors; and the impact of the AIDS crisis in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

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

**Independent non-executive*

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African Rainbow Minerals

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