

**PROVISIONAL RESULTS  
FOR THE YEAR  
ENDED 30 JUNE 2013**



**We do it better**

## Shareholder information

Issued share capital at 30 June 2013	215 624 972 shares
Market capitalisation at 30 June 2013	ZAR32.3 billion
Market capitalisation at 30 June 2013	US\$3.3 billion
Closing share price at 30 June 2013	R149.76
12 month high (1 July 2012 – 30 June 2013)	R208.84
12 month low (1 July 2012 – 30 June 2013)	R139.02
Average daily volume traded for the 12 months	453 829 shares
Primary listing	JSE Limited
Ticker symbol	ARI

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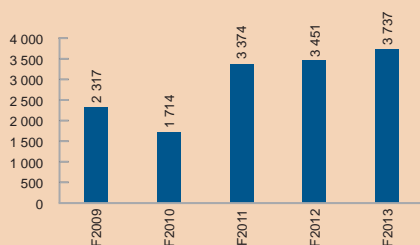
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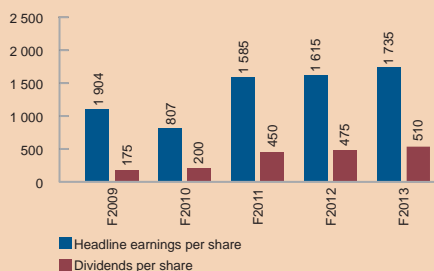
## Salient features

- Headline earnings increased 8% to R3.74 billion (F2012: R3.45 billion). The headline earnings per share were 1 735 cents compared to 1 615 cents in F2012.
- ARM declared an increased dividend of 510 cents per share, compared to the F2012 dividend of 475 cents per share.
- ARM Platinum contribution to headline earnings increased significantly from R60 million in F2012 to R527 million and ARM Coal increased its contribution from R52 million to R148 million, while ARM Ferrous contributed R3.2 billion (F2012: R3.5 billion).
- Basic earnings of R1.6 billion were negatively impacted by an exceptional net R2.0 billion after tax unrealised mark-to-market impairment of the Harmony investment in terms of ARM's accounting policy.
- Increased sales volumes were achieved in nickel, Platinum Group Metals (PGM), iron ore, chrome ore, export coal and Eskom coal, from Goedgevonden Mine.
- Costs were well contained with the Dwarsrivier, Nkomati and Goedgevonden mines achieving reductions in unit costs.
- Growth projects deliver:
  - The iron ore mines have ramped up to steady state production.
  - The Nkomati Nickel Mine achieved a significant turnaround increasing production by 66% to 23 220 tonnes of nickel and reducing costs by 42% to US\$4.98/lb.
  - The Lubambe Copper Mine commissioned its concentrator plant two months ahead of schedule and produced 14 871 tonnes of copper. The mine is addressing challenges with the quality of the concentrate delivered to a smelter.
- ARM remains financially robust with consolidated net cash (excluding partner loans) of R2.7 billion (F2012: R2.3 billion).

Headline earnings (R million)



Headline earnings and dividends (cents per share)



## ARM operational review

The ARM Board of Directors (the Board) is pleased to announce an 8% increase in headline earnings for the year ended 30 June 2013 (F2013). The increased earnings were achieved despite extremely challenging global macroeconomic conditions that have adversely affected US Dollar commodity prices. The improved results were largely as a result of increased sales volumes, increasing focus on cost control and the weakening of the Rand against the US Dollar. The significantly improved contribution from the Nkomati Mine of R232 million (F2012: R130 million loss) positively impacted on ARM's headline earnings. The ARM Platinum contribution to headline earnings increased from R60 million to R527 million (778%) year-on-year and ARM Coal Division from R52 million to R148 million (185%). ARM Ferrous contributed R3.2 billion (F2012: R3.5 billion) to headline earnings.

Headline earnings for the year were R3.737 billion compared to R3.451 billion in the preceding year ended 30 June 2012 (F2012). Headline earnings per share were 1 735 cents per share based on a weighted average number of shares of 215.36 million shares (F2012: 1 615 cents per share based on 213.69 million shares).

Increases in sales volumes on a 100% basis were as follows:

- 71% increase in nickel sales from 12.6 thousand tonnes to 21.6 thousand tonnes;
- 9% increase in iron ore sales from 14.8 million tonnes to 16.1 million tonnes;
- 22% increase in the Goedgevonden (GGV) Mine Eskom coal sales from 3.7 million tonnes to 4.5 million tonnes;
- 11% increase in GGV Mine export coal from 3.1 million tonnes to 3.4 million tonnes;
- 6% increase in export coal sales at the Participating Coal Business (PCB) from 9.3 million tonnes to 9.8 million tonnes; and
- 102% increase in the Dwarsrivier Mine chrome ore sales from 521 thousand tonnes to 1.05 million tonnes. 418 thousand tonnes of chrome ore was sold internally at cost to Machadodorp Works in F2012, which has subsequently been converted to ferromanganese production.

*The provisional results for the year ended 30 June 2013 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	Audited	% change
	2013	2012	
Platinum Group Metals	295	190	55
Nkomati nickel and chrome	232	(130)	–
Ferrous metals	3 237	3 495	(7)
Coal	148	52	185
Copper	(135)	(31)	>(250)
Exploration	(88)	(113)	22
Gold	64	64	–
Corporate and other	(16)	(76)	79
ARM headline earnings	3 737	3 451	8

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

## Delivering quality growth projects

ARM continues to focus on quality growth in its portfolio of assets and has successfully ramped up three of its four growth projects.

After completing the expansion of the Khumani Mine one year ahead of schedule and well below budget, additional work is underway to further optimise the Khumani Mine. The Wet High Intensity Magnetic Separation (WHIMS) Plant which improves recoveries and optimises the life of the Khumani Mine was commissioned within budget and ahead of schedule. Building of an additional finished product stockpile area has also been completed.

The Nkomati Mine, which initially experienced significant ramp-up challenges, has achieved a major turnaround in the period under review. Nickel production increased by 66% to 23 220 tonnes in F2013 exceeding the expected steady state production of 20 500 tonnes per annum by 13%. Production exceeded expectations as a result of higher tonnes milled together with improved grades and efficiencies as the operation achieved full ramp-up.

The Goedgevonden Mine has reached and exceeded its ramp-up capacity. The mine, which was commissioned to produce 6.7 million tonnes saleable product per annum, produced 8.2 million tonnes in the year under review. The mine achieved a 14% decrease in its on-mine unit production costs as a result of the increase in production.

The Lubambe Copper Mine commissioned its concentrator plant in October 2012, two months ahead of schedule. Mechanised development at the mine is progressing well and despite challenging ground conditions experienced in some areas and a delay in the refurbishment of the vertical shaft, the mine produced 14 871 tonnes of copper since the plant was commissioned. Challenges have been experienced with copper concentrate deliveries due to concentrate not being within specifications of the Mopani off-take agreement. Of the 17 878 tonnes of concentrate delivered to Mopani Copper Mine's smelter only 2 618 tonnes have been smelted. The concentrate quality issues are being addressed. Ongoing concentrate production is being treated and off-take agreements are being finalised. The mine remains on track to achieve steady state production of 45 000 tonnes of copper per annum by 2015.

## Quality growth continues

On 19 June 2013 ARM announced that through Assmang Limited (Assmang) it had conditionally approved the establishment of a joint venture manganese alloy smelting facility in the Sarawak State of Malaysia with Sumitomo Corporation and China Steel Corporation.

The project is expected to cost US\$328 million at full capacity of 169 000 tonnes per annum. This will allow Assmang to leverage on the long-term availability of reasonably priced hydro power with guaranteed low escalation rates in Malaysia whilst maintaining its existing alloy customers and accessing the growing Asian markets. Assmang will sell manganese ore to the joint venture at commercial prices and will be responsible for the technical services, management and marketing of alloys from the project. Construction of the two 81MVA furnaces and all related infrastructure is due to start in the 2014 calendar year and will be commissioned in 2016.

The second phase of the Lubambe Copper Mine provides for the exploitation of the Lubambe Extension (previously known as Area A) with the potential to increase Lubambe Mine's annual production to more than 100 000 tonnes of copper. The drilling programme of the Lubambe Extension is continuing in order to validate the pre-feasibility assumptions in preparation for a full feasibility study. The pre-feasibility results of this extensive drilling programme have yielded better than expected results with the resource estimation of the target area growing from 75.7 million tonnes inferred resource, at an average grade of 2.81% total copper to a 105 million tonnes inferred resource at an average grade of 3.66%.

ARM has a number of other potential projects including further expansion of its iron ore operations, increasing manganese ore production and the expansion of Modikwa Mine. Feasibility studies on these projects are well advanced. ARM is confident about developing these projects in the future as additional infrastructure capacity in water, electricity, rail and port becomes available.

## Focus on operational efficiencies

Managing costs in the currently challenging commodity price environment is a continuing core focus. Margins are under pressure as a result of lower US commodity prices as well as above inflation cost escalations in the key cost inputs for mining which include labour, electricity, diesel and consumables.

ARM has controlled costs well in the period under review and achieved a reduction in unit production costs at the Nkomati Nickel and Goedgevonden Coal mines and the chrome alloy operation.

Nkomati Mine achieved a 42% reduction in its cash costs net of by-products from US\$8.58/lb to US\$4.98/lb. This reduction was achieved despite lower than expected by-product credits and was as a result of increased volumes, improved grades and concentrator recoveries which led to a 66% increase in the nickel produced. This reduction in unit costs has moved the Nkomati Mine substantially down the global cost curve with Nkomati now positioned below the 50th percentile of the curve.

The Goedgevonden Mine reduced on-mine unit saleable costs by 14% as a result of a higher run of mine production and consistent performance in the coal handling processing plant as the plant achieved design capacity. The Goedgevonden Mine saleable production increased by 28% to 8.2 million tonnes.

At the Two Rivers, Modikwa, Dwarsrivier and PCB operations unit costs increases were kept to single digits. Unit production costs at the manganese ore operations were 23% higher, mainly as a result of an increased labour complement, as additional people were employed to improve mining flexibility and open up additional ore reserves. On-mine unit costs at the Khumani Mine were higher due to increased waste stripping as well as a reduction in the capitalisation of costs compared to the previous year. Unit cost of sales for Khumani increased only 9% in Rand terms and decreased in US Dollar terms.

ARM's target is to have all its operations positioned below the 50<sup>th</sup> percentile of each commodity's respective global cost curve. ARM has to date managed to achieve this target for all its operations except the Dwarsrivier Mine, Lubambe Mine and the ferromanganese smelters. The Lubambe Mine is expected to be positioned close to the 50<sup>th</sup> percentile when it reaches steady state production in 2015 and the Dwarsrivier Mine is currently under review.

## Changes to the Board of Directors

On 2 July 2013 ARM announced Mr Mangisi Gule's retirement as ARM Executive Director: Corporate Affairs with effect from 30 June 2013. Mr Gule remains on the ARM Board as a Non-executive Director. Mr Dan Simelane, the Chief Executive of ARM Copper was appointed as an Executive Director of ARM with effect from 1 July 2013.

On 30 August 2013 ARM announced that Mr Michael W King, an Independent Non-executive Director, informed the Board that on account of his age he does not intend to stand for re-election at the next Annual General Meeting. Mr King is currently 76 years old and will retire at the conclusion of such meeting.

## Changes to resources and reserves

There has been no material change to ARM's mineral resources and reserves as disclosed in the Integrated Annual Report for the financial year ended 30 June 2012, other than depletion due to continued mining activities at the operations and increased resources at the Lubambe Copper Extension Area.

The Lubambe Copper Extension Area ore resources increased to 105 million tonnes at an *in situ* grade of 3.66% total copper based on a report released by AMEC EC&C Services Inc. on 14 February 2013.

## Financial commentary

Headline earnings for the year to 30 June 2013 at R3 737 million were 8% or R286 million higher than the prior year's headline earnings (F2012: R3 451 million). This equates to headline earnings per share of R17.35 per share (F2012: R16.15 per share).

The Board declared an increased annual dividend of R5.10 per share (F2012: R4.75 per share) after the year-end ARM's basic earnings for F2013, which were negatively impacted by significant exceptional items of R2.1 billion, were R1.6 billion (F2012: R3.4 billion). The largest exceptional item relates to the unrealised mark-to-market loss resulting in the impairment of the original cost of the investment in Harmony. The mark-to-market adjustment of the Harmony investment has been made through the Income Statement, in accordance with ARM's accounting policy, as a result of the significant decline in the market value below cost of the investment. The impairment is R2.0 billion after tax (F2012: R775 million negative adjustment through other comprehensive income). The Harmony share price at 30 June 2013 was R35.75 per share (30 June 2012: R76.50 per share). Other exceptional items comprise mainly furnace and pelletising plant impairments in ARM Ferrous and amounts to R159 million. The reconciliation of basic earnings to headline earnings is provided in note 4 of the financial statements.

Sales for the year increased by 13.1% to R19.8 billion (F2012: R17.5 billion).

The average gross profit margin of 34% (F2012: 35%) is slightly lower than that for the corresponding period largely due to (i) a fall in US Dollar commodity prices during the year, (ii) above inflation unit cost increases at some operations and (iii) increased amortisation charges at Nkomati, Khumani and Two Rivers, largely related to increased production volumes. In addition, margins were supported by the weakening of the Rand/US Dollar exchange rate during the year.

The F2013 average Rand/US Dollar of R8.83/US\$ is 13.6% higher than the average of R7.77/US\$ for F2012. For reporting purposes the closing exchange rate was R9.93/US\$.

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding exceptional items and income from associates were R7.23 billion, which is 11% higher than that achieved in F2012.

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

- The ARM Ferrous contribution to headline earnings amounted to R3 237 million (F2012: R3 495 million). This is a decrease of 7% in comparison to the F2012 result and is due to reduced contributions from the ferromanganese operations and iron ore.
- The ARM Platinum segment contribution, which includes the results of Nkomati Mine, was R527 million which represents a significant improvement on the R60 million contribution for F2012. This improvement is due to a R362 million turnaround at Nkomati Mine driven by increased sales volumes and excellent cost control. Modikwa and Two Rivers mines also achieved higher earnings compared to F2012.
- The ARM Coal segment contribution improved by 185% to R148 million (F2012: R52 million) as a result of improved earnings from the Goedgevonden Mine.
- The ARM Exploration segment costs amounted to R88 million (F2012: R113 million) and were largely expended on exploration at Rovuma in Mozambique as well as on staff costs.
- The ARM Copper result was a loss of R135 million (F2012: R31 million loss). Costs at the new Lubambe Mine were capitalised to the end of April 2013. Costs on the feasibility work on the Lubambe Extension Area continue to be capitalised.
- The ARM Corporate, other companies and consolidation segment showed a loss of R16 million for the year as compared to a R76 million loss for F2012.
- ARM received dividends of R64 million (F2012: R64 million) from its investment in Harmony during the year.

The net cash at 30 June 2013 amounts to R640 million as compared to the net cash position of R327 million at 30 June 2012.

- Cash generated from operations increased by R343 million from R5 969 million to R6 312 million after an increased working capital requirement of R1 609 million (F2012: R1 189 million) resulting from the increased activity levels at operations.
- Capital expenditure reduced to R3 489 million for the year (F2012: R4 321 million) and was mainly expended within ARM Ferrous (R1.95 billion) and at Lubambe Copper (R753 million).

- Net cash at 30 June 2013 excluding partner loans (Anglo Platinum: R114 million, ZCCM-IH: R398 million and GlencoreXstrata: R1 528 million) amounted to R2 680 million as compared to R2 302 million at 30 June 2012.

The ARM consolidated total assets of R38.1 billion (F2012: R35.3 billion) include the mark-to-market valuation of ARM's investment in Harmony of R2.27 billion (F2012: R4.87 billion) at a share price of R35.75 per share (F2012: R76.50 per share).

The effective tax rate, excluding the impact of exceptional items, for the year remained constant at 31%. The expense for mineral royalty tax is included in Other Expenses and amounts to R551 million for the year (F2012: R492 million).

The new accounting standards of IFRS 10, 11 and 12, which become effective for financial years commencing after 1 January 2013, may have an impact on the disclosure of the financial statements for ARM as the group has a number of significant joint ventures and investments. Management is evaluating the impact of these standards.



## Safety

ARM is proud to declare that no fatalities occurred at any of the mines which ARM manages in F2013. Some of the safety indices deteriorated slightly. ARM's Lost Time Injury Frequency Rate (LTIFR) for F2013 was 0.50 (per 200 000 man hours) compared to 0.40 in F2012. The number of Lost Time Injuries (LTIs) increased from 121 in F2012 to 153 in F2013 whilst the number of reportable accidents recorded increased from 75 in F2012 to 80 in F2013.

### **Safety achievements**

- Modikwa achieved 1 million fatality-free shifts in November 2012.
- Nkomati achieved 3 million fatality-free shifts in March 2013.
- Two Rivers achieved 1 million fatality-free shifts in May 2013.
- Khumani Mine achieved 3 million fatality-free shifts in January 2013.
- Machadodorp Works recorded zero lost-time injuries for the financial year under review.

*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 237 million compared to R3 495 million in F2012.

Assmang reported turnover of R25.01 billion which was 5% more than the previous year (F2012: R23.8 billion). This increased revenue was mainly due to the record sales volumes in iron ore, the higher US Dollar prices received for manganese ore and manganese alloy and the 13.6% weakening of the Rand against the US Dollar which was partly offset by weaker US Dollar prices received for both iron ore and chrome ore.

Headline earnings were 7% less than the previous year mainly as a result of a reduced contribution from the iron ore and ferromanganese operations. The iron ore headline earnings were lower as a result of higher cost of sales, whilst the ferromanganese earnings were negatively impacted by the shutdown of three furnaces. One ferromanganese furnace was shut down at Machadodorp Works and two uneconomical furnaces have been closed indefinitely at the Cato Ridge operation. The production volumes for ferromanganese and ferrochrome were substantially reduced due to the oversupply in the market.

### Assmang headline earnings

100% basis	12 months ended 30 June		
R million	Reviewed	Audited	% change
	2013	2012	
Iron ore division	5 531	5 935	(7)
Manganese division	940	1 222	(23)
Chrome division	1	(171)	–
Total	6 472	6 986	(7)
Headline earnings attributable to ARM (50%)	3 237	3 495	(7)

Sales volumes compared to the same period last year were as follows:

- Iron ore export sales were 5% higher at 14 million tonnes and local sales increased by 50% to 2 million tonnes with total sales of 16 million tonnes being 9% higher than the previous year;
- Chrome ore sales increased by 102% to 1.05 million tonnes. 418 thousand tonnes of chrome ore was sold internally at cost to Machadodorp Works in F2012, which has subsequently been converted to ferromanganese production;
- Manganese ore external sales decreased by 2% to 2.9 million tonnes;
- Manganese alloys volumes decreased by 4% to 0.26 million tonnes; and
- Chrome alloys decreased by 56% to 0.08 million tonnes as part of a strategy to reduce chrome alloy production.

### Assmang sales volumes

100% basis	12 months ended 30 June		
Thousand tonnes	2013	2012	% change
Iron ore	16 070	14 753	9
Manganese ore*	2 856	2 905	(2)
Manganese alloys	260	270	(4)
Charge chrome	77	174	(56)
Chrome ore*	1 054	521	102

\* Excluding intra-group sales

## Assmang production volumes

100% basis	12 months ended 30 June		
Thousand tonnes	2013	2012	% change
Iron ore	16 103	13 658	18
Manganese ore	3 199	3 296	(3)
Manganese alloys	332	373	(11)
Charge chrome	23	186	(88)
Chrome ore	1 033	1 004	3

On-mine unit production cost changes were:

- Iron ore production unit costs increased by 20% mainly at Khumani mine where pits are being opened. The strip ratio was 2.5 and is in alignment with the Life of Mine (LOM) strip ratio of 2.6. This is now the base cost for steady state production as the waste stripping, which was previously capitalised was expensed in the current year. There is limited capitalisation as the mine matures. At the Beeshoek mine saleable production volumes increased by almost 40%, resulting in a unit cost decrease of 3%.
- Manganese ore production costs increased by 23%, of which 19% was due to increased labour cost as a result of an accumulation of additional people employed to prepare the mine for increased production and development in the future. The lower volumes and higher fuel prices, electricity cost and inflation accounted for the balance of the increase.
- The unit cost increase for chrome ore was well contained at an increase of only 2% year-on-year mainly due to the 3% higher production volume and various other planned operational efficiencies realised.
- Manganese alloys unit costs increased by 12% due to the closure of inefficient furnaces at Machadodorp and Cato Ridge Works.
- Chrome alloy production costs decreased by 52% due to the conversion of all furnaces to ferromanganese at Machadodorp and no more ferrochrome production from furnaces. The only ferrochrome production was from the Metal Recovery Plant (MRP) which recovers the final metal entrapped in the historically produced ferrochrome slag.

## Assmang cost and EBITDA margin performance

Commodity group	On-mine		EBITDA margin %
	Cost of sales	production cost	
unit cost change %	unit cost change %		
Iron ore	9*	20	55
Manganese ore	15	23	37
Manganese alloys	5	12	6
Charge chrome	17	(52)	(24)
Chrome Ore	20	2	6

\* Excluding the Khumani Mine housing element

The total capital expenditure was 10% less at R4.06 billion (F2012: R4.52 billion).

The main capital expenditure items included the Khumani Optimisation Project, the Wet High Intensity Magnetic Separation (WHIMS) Plant at Khumani, the railway line deviation around the King Pit as well as the waste stripping at both Khumani and Beeshoek mines and the preparation work and new road around the Village pit for Beeshoek. Other capital was spent on the feasibility study for and the early works for the Black Rock expansion project and equipment purchased. The remaining capital was spent on the Sakura project feasibility studies, information technology, replacement of vehicles and ensuring legislative compliance changes and sustainability capital.

## Assmang capital expenditure

100% basis	12 months ended 30 June	
R million	Reviewed	Audited
	2013	2012
Iron ore	2 709	3 339
Manganese	1 223	886
Chrome	132	293
Total	4 064	4 518

## Projects

### Khumani Iron Ore Expansion Project

The commissioning of the WHIMS (Wet High Intensity Magnetic Separation) Plant at Khumani to improve the recovery of very fine and high grade ore, currently lost to the slimes dam is in progress and the first units have been commissioned within budget and ahead of time. Building of additional final product stockpile area at the mine has been completed. The diversion of the Transnet Freight Rail (TFR) main line which runs through the King mining area will be completed and handed over by April 2014.

### Beeshoek Iron Ore Mine

The R885 million development of the East pit to extend production to July 2018 is in progress and 15 million tonnes of overburden have been mined from this pit this year. The diversion of the R385 road between Postmasburg and Olifantshoek to allow for the mining of the future Beeshoek Village pit has been completed. The servicing of the stands for housing in Postmasburg was completed and the construction of housing is in progress.

### Manganese Ore Expansion

A complete review of the initial scope to expand the Black Rock Mine operations from 3 million tonnes per annum to above 4 million tonnes per annum is underway. This review was necessitated following a marketing study on the demand for the various grades which can be mined from the Nchwaning Mine. Several trade-off studies are underway to ensure that the scope is re-defined to capitalise on this opportunity and to ensure that capital will be spent efficiently. The operating expenditure, capital expenditure and financial modelling for the revised scope will be completed by Q2 F2014.

## Sakura Manganese Project

Assmang (54%), Sumitomo Corporation (27%) and China Steel Corporation (19%) have agreed to establish a joint venture manganese alloy smelting facility in the Sarawak State of Malaysia, Sakura Ferroalloys SDN.BHD ("Sakura").

Sakura is a greenfields project and the facility will be constructed in the Samalaju Industrial Park in Sarawak. The intention is to commission and operate two 81MVA furnaces complete with all related infrastructure, equipment and services to allow for the production of manganese alloy.

Besides being the majority shareholder, Assmang will provide marketing, management and technical services to Sakura. The project is estimated to cost US\$328 million and is due to start in the 2014 calendar year and be commissioned in the second half of 2016.

## Logistics

Iron ore export sales were 14 million tonnes due to the excellent performance and co-operation between Transnet, the marketing team and the operational team at Khumani Mine. Transnet also railed 270 000 tonnes of ore for a new BEE entrant by utilising the rapid load-out facility at Khumani.

The manganese ore export channel to Port Elizabeth continued to operate under difficult conditions and many challenges were overcome allowing increased volumes of ore to be transported by rail. This reduced the ore tonnages transported by road, however manganese ore exported through the port of Durban increased.

Assmang and Transnet continue to engage regarding future export capacity and growth for both iron ore and manganese ore. To this effect Transnet concluded the feasibility study to expand its manganese ore export capacity to 12 mtpa through the Port of Ngqura from April 2018. This schedule and capacity allocation is aligned with the Assmang growth plan and ramp-up schedule for the Black Rock mine.

Assmang and Transnet will engage on a new manganese ore export contract through the port of Port Elizabeth and future allocation through this channel for the period 1 October 2013 until 31 March 2018.

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

## ARM Platinum

ARM Platinum generated improved results with all operations reflecting substantial improvement in production and financial performance despite the platinum industry experiencing a challenging year.

Attributable headline earnings increased by R467 million to R527 million (778%) driven mainly by improved volumes, grades, efficiencies and recoveries at Nkomati and an increased output at Two Rivers and Modikwa.

PGM production (on 100% basis including Nkomati) increased 11% to 783 254 6E ounces (F2012: 708 201 ounces) while Nkomati's nickel production increased by 66% to 23 220 tonnes (F2012: 14 004 tonnes) and copper production increased by 34% to 9 877 tonnes (F2012: 7 371 tonnes).

Nkomati's C1 unit cash cost net of by-products, reduced by 42% to US\$4.98/lb (F2012: US\$8.58/lb) of nickel produced.

Despite the increase in unit production cost, Two Rivers and Modikwa continue to be positioned below the 50th percentile of the global PGM cost curve with respective unit costs of R5 244/6E PGM oz (F2012: R4 779/6E PGM oz) and R6 275/6E PGM oz (F2012: R5 864/6E PGM oz).

Dollar prices, excluding palladium, were lower than the corresponding period but a 14% weakening of the Rand against the US Dollar compensated for the lower PGM prices, resulting in the basket prices for Modikwa and Two Rivers increasing by 7% to R287 424/kg (F2012: R267 998/kg) and R298 384/kg (F2012: R279 804/kg) respectively.

The tables below set out the relevant price comparison:

### Average US Dollar metal prices

		2013	2012	% change
Platinum	US\$/oz	<b>1 550</b>	1 603	(3)
Palladium	US\$/oz	<b>680</b>	673	1
Rhodium	US\$/oz	<b>1 090</b>	1 495	(27)
Nickel	US\$/t	<b>16 245</b>	18 815	(14)
Copper	US\$/t	<b>7 632</b>	8 047	(5)
Chrome concentrate (CIF)	US\$/t	<b>147</b>	168	(13)

### Average Rand metal prices

		2013	2012	% change
Platinum	R/oz	<b>13 684</b>	12 457	10
Palladium	R/oz	<b>6 001</b>	5 233	15
Rhodium	R/oz	<b>9 621</b>	11 614	(17)
Nickel	R/t	<b>143 447</b>	146 190	(2)
Copper	R/t	<b>67 390</b>	62 529	8
Chrome concentrate (CIF)	R/t	<b>1 294</b>	1 303	(1)

The debtors reported at 30 June 2012 were realised for less as a result of a negative mark-to-market adjustment of R73 million (F2012: positive R97 million).

Capital expenditure at ARM Platinum was R973 million (R735 million attributable). Modikwa's major capital items included the deepening of North shaft, the sinking of South 2 shaft, phase 2 development on South 1 shaft and the replacement of mining equipment. Of the capital spent at Two Rivers, 24% is associated with the replacement of the underground mining fleet and 20% on the PGM enhancement and chrome recovery plant. The balance was incurred in the deepening of the Main and North declines. Nkomati's capital expenditure was mainly to sustain and maintain production.

## ARM Platinum capital expenditure

100% basis		
R million	Reviewed	Audited
	2013	2012
Modikwa	286	438
Two Rivers	498	467
Nkomati	189	484
Total	973	1 389

## Modikwa Mine

Production at Modikwa increased by 7%, with PGMs for the year totalling 324 626 6E PGM ounces (F2012: 304 044 6E PGM ounces). Unit costs were well contained, with a 7% increase in Rand per tonne milled to R876 (F2012: R819 per tonne milled) as well as the Rand per 6E PGM ounce to R6 275 (F2012: R5 864 per 6E ounce).

## Modikwa operational statistics

100% basis		12 months ended 30 June		
		2013	2012	% change
Cash operating profit	R million	428	267	60
Tonnes milled	Mt	2.33	2.18	7
Head grade	g/t, 6E	5.35	5.39	(1)
PGMs in concentrate	Ounces, 6E	324 626	304 044	7
Average basket price	R/kg, 6E	287 424	267 998	7
Average basket price	US\$/oz, 6E	1 012	1 073	(6)
Cash operating margin	%	17	13	
Cash cost	R/kg, 6E	201 752	188 538	7
Cash cost	R/tonne	876	819	7
Cash cost	R/Pt oz	15 897	14 706	8
Cash cost	R/oz, 6E	6 275	5 864	7
Cash cost	US\$/oz, 6E	711	755	(6)
Headline earnings attributable to ARM (41.5%)	R million	96	26	>250

## Two Rivers Mine

PGM ounces produced increased by 9% driven by an increase in tonnes milled (2%) and an improved head grade (4%), this combined with enhanced Rand basket prices resulted in a 28% increase in cash operating profit. Unit cost increased by 10% to R5 244 per 6E PGM oz (F2012: R4 779 per 6E PGM oz). There was a 162 901 tonnes increase in the Run of Mine (ROM) stockpile to a total of 446 026 tonnes of ore. The UG2 stock movement equates to R17 million for F2013. The year-end UG2 stockpile was 305 328 tonnes (F2012: 182 306 tonnes).

## Two Rivers operational statistics

100% basis		12 months ended 30 June		
		2013	2012	% change
Cash operating profit	R million	1 011	788	28
Tonnes milled	Mt	3.17	3.10	2
Head grade	g/t, 6E	4.02	3.86	4
PGMs in concentrate	Ounces, 6E	350 443	320 113	9
Average basket price	R/kg, 6E	298 384	279 804	7
Average basket price	US\$/oz, 6E	1 051	1 120	(6)
Cash operating margin	%	35	34	
Cash cost	R/kg, 6E	168 594	153 642	10
Cash cost	R/tonne	579	493	17
Cash cost	R/Pt oz	11 331	10 205	11
Cash cost	R/oz, 6E	5 244	4 779	10
Cash cost	US\$/oz, 6E	594	615	(3)
Headline earnings attributable to ARM (55%)	R million	199	164	21

## Nkomati Mine

ARM Platinum is pleased to report a significant turnaround in operational results at Nkomati Mine.

A 19% increase in total tonnes milled, a 21% improvement in overall head grade and a substantial enhancement in concentrator recoveries, resulted in a 66% increase in nickel production.

Chrome concentrate sales were lower at 224 754 tonnes (F2012: 441 173 tonnes) as the chrome spiral plant was on care and maintenance during F2013 due to a depressed market.

Nkomati generated a cash operating profit of R1.18 billion, a substantial increase from the R130 million in the corresponding period. The improvement in results can be attributed to good cost control, increased volumes, enhanced efficiencies, grades and recoveries. An average overall recovery of 75% was achieved in the concentrators, albeit at a higher head grade of 0.41% nickel. We are confident that these recoveries are sustainable.

Despite lower than expected by-product credits, the operation achieved a C1 unit cost of US\$4.98/lb net of by-products (F2012: US\$5.58/lb). The unit cost is below the 50<sup>th</sup> percentile of the global cost curve.

## Nkomati operational statistics

100% basis		12 months ended 30 June		
		2013	2012	% change
Cash operating profit	R million	1 178	130	>250
– Nickel Mine	R million	1 054	115	>250
– Chrome Mine	R million	124	15	>250
Cash operating margin	%	26	4	
Tonnes milled	Thousand	7.59	6.39	19
Head grade	% nickel	0.41	0.34	21
Nickel on-mine cash cost per tonne milled	R/tonne	292	272	7
Cash cost net of by-products*	US\$/lb	4.98	8.58	(42)
<b>Contained metal</b>				
Nickel	Tonnes	23 220	14 004	66
PGMs	Ounces	111 185	84 044	32
Copper	Tonnes	9 877	7 371	34
Cobalt	Tonnes	1 101	744	48
Chrome ore sold	Tonnes	–	64 144	–
Chrome concentrate sold	Tonnes	224 754	441 173	(49)
Headline earnings/(loss) attributable to ARM (50%)	R million	232	(130)	–

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



## Projects

### Modikwa Mine

The North shaft deepening project is ongoing with total development for the project at 1 137 metres vs. the feasibility plan of 1 124 metres. The decline system is currently at 8 level.

The total development for the South 2 project advanced 2 569 metres. Development has progressed and access to -1 level has been achieved with level development progressing past the first crosscut breakaway positions on both north and south haulage. Access to the first reef raise on -1 level is estimated to be in Q1 F2014.

The installation of a Mainstream Inert Grinding (MIG) mill, to enhance PGM recoveries, was approved and construction is planned to start in Q1 F2014 with completion expected in Q2 F2015.

### Two Rivers Mine

The transfers of Kalkfontein portions 4, 5 and 6, and the Tweefontein prospecting rights to Two Rivers, are awaiting approval from the Department of Mineral Resources.

The Tertiary Milling Plant was commissioned in June 2013 and the PGM Enhancement Project is progressing as planned and is expected to be commissioned in Q1 F2014.

### Nkomati Nickel Large Scale Expansion Project

The project has now been completed and all capital votes have been closed. Some minor work on the 132kV overhead line is outstanding and scheduled for completion by November 2013. This delay has no material impact on Nkomati in the short to medium term.

### Kalplats PGM Exploration Project

ARM Platinum completed its review of the revised Definitive Feasibility Study (DFS) submitted by Platinum Australia (PLA). The viability of a possible mining operation 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 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 cash operating profit attributable to ARM increased by 20% from R686 million to R822 million in F2013. This improvement was mainly due to increased export sales volumes achieved at both GGV and PCB. Although a weaker Rand contributed to the improvement in cash operating profit, export US Dollar prices decreased by an average of 10% which negated the benefit derived from this weakening of the Rand. ARM Coal headline earnings attributable to ARM were R148 million for F2013 compared to R52 million in F2012, an increase of 185%. The increase is mainly due to the increase in cash operating profit offset by an increase in taxation.

Operational performance at GGV continued the positive trend that started in 2H F2012 and this resulted in an increase of 28% in saleable production year-on-year but saleable production at PCB decreased by 4% year-on-year due to further closures of underground operations.

### Goedgevonden Coal Mine

Run of mine production increased by 10% year-on-year as the mine has now reached steady state production levels. The Coal Handling and Processing Plant (CHPP) at GGV has achieved design capacity levels of performance on a consistent basis during the year which resulted in an increase of 28% in saleable production compared to F2012.

An improved and more consistent performance by TFR since Q1 F2013 resulted in increases in export volumes of 11% while a combination of increased rail and road haulage resulted in Eskom sales volumes being up by 22%.

Attributable cash operating profit increased by 32% from R316 million to R417 million and headline earnings increased by 108% from R78 million to R162 million. Attributable export revenue in F2013 increased by R77 million due to increases in sales volumes (R71 million) and a weaker Rand (R91 million) but decreased by R85 million as a result of a reduction in export prices. The cost per saleable tonne decreased by 14% from R200 per tonne in F2012 to R171 per tonne in F2013.

The increase in headline earnings is mainly due to the increase in cash operating profit offset by an increase of R32 million in income tax.

### Goedgevonden operational statistics

100% basis		12 months ended 30 June		
		2013	2012	% change
<b>Total production sales</b>				
Saleable production	Mt	8.16	6.37	28
Export thermal coal sales	Mt	3.40	3.06	11
Eskom thermal coal sales	Mt	4.52	3.69	22
<b>Attributable production and sales</b>				
Saleable production	Mt	2.12	1.66	28
Export thermal coal sales	Mt	0.90	0.80	13
Eskom thermal coal sales	Mt	1.18	0.96	23
<b>Average received coal price</b>				
Export (FOB)	US\$/tonne	91.00	101.90	(11)
Eskom (FOT)	R/tonne	187.57	146.06	28
On-mine saleable cost	R/tonne	171.20	199.80	(14)
<b>Cash operating profit</b>				
Total	R million	1 603	1 216	32
Attributable (26%)	R million	417	316	32
Headline earnings attributable to ARM	R million	162	78	108

## Attributable profit analysis

R million	12 months ended 30 June		
	Reviewed	Audited	% change
	2013	2012	
Cash operating profit	417	316	32
Less: interest paid	(86)	(97)	11
amortisation	(94)	(98)	4
fair value adjustments	(11)	(11)	–
Profit before tax	226	110	105
Less: Tax	(64)	(32)	(100)
Headline earnings attributable to ARM	162	78	108

## Participating Coal Business

The PCB attributable cash operating profit increased by 10% to R405 million. Attributable headline loss reduced by 46% from a R26 million loss to a R14 million loss mainly due to the increase of R36 million in operating profit, offset by small increases in interest, depreciation and taxation.

Attributable export revenue in F2013 increased by R122 million due to increases in sales volumes (R80 million) and a weaker Rand (R196 million) but decreased by R154 million due to a reduction in export prices. The export US Dollar price at US\$83.88 per tonne is 15% lower than F2012, but it is also a different product mix into the Asian markets. A decrease in inland sales resulted in a R55 million reduction in revenue. Total attributable on-mine costs decreased by R9 million mainly due to savings achieved by the closure of the South Stock underground operation offset by inflation and a substantial increase in the price of diesel.

Attributable ROM production and saleable production were respectively 6% and 4% lower than F2012 mainly due to the closure of the South Stock underground operation which were partially offset by increased production at the Tweefontein and iMpunzi East mining complexes.

The on-mine cost per saleable tonne increased marginally from R321 per tonne in F2012 to R326 per tonne in F2013 as costs were well controlled. This reduction is also evidence of the benefits that will result from ARM Coal's long-term strategy to move to large scale opencast operations.

## Participating Coal Business operational statistics

100% basis		12 months ended 30 June		
		2013	2012	% change
<b>Total production sales</b>				
Saleable production	Mt	12.71	13.23	(4)
Export thermal coal sales	Mt	9.81	9.29	6
Eskom thermal coal sales	Mt	1.65	3.28	(50)
Local thermal coal sales	Mt	0.45	0.74	(39)
<b>Attributable production and sales</b>				
Saleable production	Mt	2.57	2.67	(4)
Export thermal coal sales	Mt	1.98	1.88	5
Eskom thermal coal sales	Mt	0.33	0.66	(50)
Local thermal coal sales	Mt	0.09	0.15	(40)
<b>Average received coal price</b>				
Export (FOB)	US\$/tonne	83.88	98.75	(15)
Eskom (FOT)	R/tonne	157.70	120.31	31
Local (FOR)	R/tonne	262.24	262.12	–
On-mine saleable cost	R/tonne	326.29	321.37	2
<b>Cash operating profit</b>				
Total	R million	2 005	1 828	10
Attributable (20.2%)	R million	405	369	10
Headline earnings/(loss) attributable to ARM	R million	(14)	(26)	46

## Attributable profit analysis

R million		12 months ended 30 June		
		Reviewed	Audited	% change
		2013	2012	
Cash operating profit		405	369	10
Less: interest paid		(125)	(117)	(7)
amortisation		(270)	(268)	(1)
fair value adjustments		(29)	(20)	(45)
Profit/(loss) before tax		(19)	(36)	47
Less: Tax		5	10	(50)
Headline loss attributable to ARM		(14)	(26)	46

ARM's economic interest in GlencoreXstrata 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 Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of GlencoreXstrata Coal South Africa Operations whilst total refers to 100%.

## ARM Copper

The Lubambe Copper Mine (previously Konkola North Project) commissioned the concentrator in October 2012, two months ahead of schedule. By June 2013, 1 046 559 tonnes of copper-bearing ore had been milled. The tonnes milled achieved for the year was almost 10% above the target of 951 000 tonnes which yielded 14 871 tonnes of copper in concentrate.

### Operational statistics

100% basis		12 months ended 30 June
		<b>2013</b>
Waste development	Metres	<b>11 434</b>
Ore development	Metres	<b>9 396</b>
Ore development	Tonnes	<b>596 783</b>
Ore stoping	Tonnes	<b>403 178</b>
Ore tonnes mined	Tonnes	<b>999 961</b>
Tonnes milled	Thousand	<b>1 046 559</b>
Mill head grade	% copper	<b>1.92</b>
Concentrator recovery	%	<b>71.4</b>
Copper concentrate produced	Tonnes	<b>40 331</b>
Copper concentrate sold	Tonnes	<b>27 502</b>
<b>Contained metal</b>		
Copper produced	Tonnes	<b>14 871</b>
Copper sold	Tonnes	<b>9 943</b>
Headline loss attributable to ARM (40%)	R million	<b>(135)</b>

Copper concentrate deliveries to the Zambian Smelters have been much slower than anticipated due to two smelter shutdowns and concentrate delivered from the Lubambe Concentrator not being within specifications of the Mopani Copper Mines off-take agreement. Of the 17 878 tonnes of concentrate delivered to Mopani Copper Mine's smelter only 2 618 tonnes have been smelted. The concentrate quality issues are being addressed. Ongoing concentrate production is being treated and off-take agreements are being finalised.

Mechanised development is progressing well with ore drive development ahead of schedule. Longitudinal Room and Pillar (LRP) Stopping commenced in August 2012 and by the end of June 2013 12 stopes had been established and are being mined. Poor ground conditions are being experienced in places but a proactive approach from the mining teams is mitigating the negative effects of this to a large degree. Refurbishing of the No. 2 Vertical shaft has been delayed, and is scheduled for completion by August 2013. The delays were mainly due to the actual shaft bottom excavations being materially different from the 1950's drawings, a steel strike early on and an undulation in the actual shaft lining profile resulting in refurbishing taking longer than planned. All other project capital work regarding outstanding underground and surface infrastructure work was completed on schedule and on budget. The relocation of informal settlements from the potential subsidence area of the mine will now only be completed in March 2014 due to slower than anticipated construction progress and rain delays. This will however not impact on the mining ramp-up to full production of 45 000 tonnes of contained copper by the end of F2015.

## The Lubambe Copper Mine

Capitalised expenditure to 30 June 2013 amounted to US\$469 million comprising project capital expenditure amounting to US\$439 million and pre-production costs capitalised for the ten month period to 30 April 2013 amounting to US\$30 million. Previously it was expected that pre-production costs would be capitalised to 31 December 2012, however the mine was only considered to be in the condition necessary to be capable of operating in the manner as intended by 30 April 2013. Accordingly the development costs were capitalised to 30 April 2013.

The mine's throughput design for both the South and East Limb ore bodies remains at 2.5 million tonnes per annum of ore at an average mill head grade of 2.3% copper, which will result in the production of 45 000 tonnes of contained copper in concentrate per annum for 28 years. The copper concentrate produced will be toll smelted and refined in Zambia.

This project is the first phase of the exploitation of the total resource presently known on mining licence 7061 – HQ – LML (Previously LML 20), covering an area of 240km<sup>2</sup>.

## The Lubambe Extension Project

This second phase of the Lubambe Copper Mine situated 6km to the south of the present mine development, may provide for the expansion of the Lubambe Copper Mine's processing plant to potentially increase the total production to more than 100 000 tonnes of copper from more than 5 million tonnes of ore mined and processed on an annual basis.

A pre-feasibility study was conducted in 2010 on a target area now known as Lubambe Extension (Previously Area A). Following the results of that pre-feasibility study a drilling program was conducted and in November 2012 a full study team was re-established to validate the pre-feasibility study assumptions and do trade-off studies in preparation for a full feasibility study. Resource estimation has been validated by experts and the resource of the target area has grown from 75.7 million tonnes, of which all were inferred, at an average grade 2.81% total copper to 105 million tonnes of ore at an average grade of 3.66%.

A number of different mining and access methods and positions have been evaluated as part of the trade-off study. Additional surface drilling is continuing in the Lubambe Extension Area and during F2013 6 exploration drill rigs were deployed and a total of 18 501 metres drilled to enhance the confidence levels and provide the required study information regarding the resource. Due to the mine being in the Konkola Basin, a full hydrogeological survey will be done to assess the dewatering requirements and pumping quantities of a new mine in this area. Further to the drilling programme the analysis of the Aero Magnetic and Aero Electric surveys has been completed across the whole Mining Lease area with the intention to identify further exploration targets. For the remainder of F2014 the team will focus on assessing different mining access options and conduct further metallurgical test work.

## The Kalumines Copper Project

The decision to exit the Kalumines Project in the Democratic Republic of the Congo (DRC) has been implemented since the end of the financial year. The mining licence was handed back to Gecamines (our 40% partner) and Gecamines also paid the Vale/ARM Joint Venture a settlement fee of US\$21 million for the mining of ore and for geological drilling done by the partners. As a result the assets are reflected as held-for-sale on the statement of financial position.

*ARM owns 100% of ARM Copper. ARM Copper owns 50% of the Vale/ARM joint venture.*

## ARM Exploration

ARM Exploration continues to evaluate mineral business investment opportunities that offer sustainable investment possibilities for a medium to long-term project pipeline in resource commodities for which ARM has experience and a competitive advantage.

Exploration during F2013 focused on the integration and interpretation of all previously gathered data which included mapping airborne gravity and diamond drilling in Northern Mozambique a joint venture with Rovuma Resources Limitada ("Rovuma").

The Rovuma project has a strike length of approximately 100km containing four target cluster areas with potential for magmatic nickel/copper/PGM. Reconnaissance diamond drilling was carried out on two of the clusters and although encouraging base metal sulphide mineralization was encountered, it was decided to defer further drilling in order to test other high priority targets. Diamond drilling of these targets is continuing.

ARM Exploration has established a database of mining and exploration projects in Africa focusing on platinum group metals, iron ore, manganese ore, base metals and coal.

The headline loss attributable to ARM for Exploration is R88 million (F2012: R113 million).

## Harmony Gold Mining Company Limited

Harmony reported a 14% decrease in its operating profit from continuing operations from R5 258 million in F2012 to R4 502 million in the year under review. Headline earnings were 92% lower at R204 million (F2012: R2 372 million). The decline in headline earnings was mainly as a result of a 3% decrease in gold sold as a result of a management decision to stop mining at Kusasaletu due to a dispute with labour, as well a 19% increase in the cash operating cost per kilogram produced to R327 210/kg. The US\$/oz cash operating costs increased only 5% due to the weakening of the Rand against the US Dollar.

Harmony recorded a net loss of R2.4 billion for the year compared to a net profit of R2.6 billion for the 2012 financial year. This was mainly due to the impairment of the Hidden Valley asset.

On 14 August 2013 Harmony announced that it would be repositioning development of the Wafi Golpu project and is considering ways to develop the project with lower capital requirements utilising a modular approach to access the ore body sooner.

Harmony continues to focus on the optimisation of its South African assets and in the period under review completed the disposal of its Evander operations to Pan African Resources plc for a purchase consideration of R1.5 billion less certain distributions. The transaction was completed on 28 February 2013 and in terms of the agreement Harmony received a distribution of R210 million and a purchase consideration of R1 314 million.

ARM received dividends of R64 million in the financial year (F2012: R64 million).

The ARM Statement of Financial Position at 30 June 2013 reflects a mark-to-market investment in Harmony of R2.27 billion (F2012: R4.87 billion) at a share price of R35.75 per share (F2012: R76.50 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of deferred capital gains tax. Gains above the cost are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. 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 2013 can be viewed on Harmony's website at [www.harmony.co.za](http://www.harmony.co.za).

*ARM owns 14.6% of Harmony's issued share capital.*



## Outlook

The impact on global commodity prices and currency volatility remained high during the past year particularly as a result of pronouncements out of the US and developments in China, and is not expected to abate in the short term.

The US economy has shown some resilience in 2013 with unemployment reaching new lows since the global financial crisis. Speculation continues around the possibility of the central bank scaling back its US\$85 billion a month bond repurchase programme.

Despite growth in China refocusing towards a consumer driven economy and concern over China's imports of raw materials slowing, Chinese commodity demand is expected to be supported by a stabilising economy and pro-growth policies outlined by the Chinese government. These include increased investment in infrastructure and rail projects which are expected to have a positive impact on demand and prices for certain commodities.

Cost increases for important inputs like labour and electricity remains higher than inflation.

ARM's operational strategy in a flat commodity price environment remains focused on operational efficiencies, with a target to have all its operations positioned below the 50<sup>th</sup> percentile of each commodity's respective global cost curve.

Capital allocation is aimed at achieving quality growth. ARM will continue to consider quality acquisitions as part of its allocation strategy. ARM remains financially robust and its positive cash flow enables ARM to invest in growth and pay dividends.

In addition, ARM continues to strive towards maintaining good relationships with labour, communities and other stakeholders.

## Dividends

The ARM Board has approved and declared a seventh annual dividend of 510 cents per share (gross) in respect of the year ended 30 June 2013 (F2012: 475 cents per share). The amount to be paid is approximately R1 099.7 million.

This dividend is consistent with ARM's commitment as a globally competitive company to pay dividends and fund growth of the Company in the future.

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

- The dividend has been declared out of income reserves;
- The South African Dividends Tax rate is 15% (fifteen percent);
- There are residual Secondary Tax on Companies (STC) credits utilised in an amount of R992 980 098 or 460.51257 SA cents per share. No STC credits remain after this dividend;
- The gross local dividend amount is 510 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 502.57689 cents per share for shareholders liable to pay the Dividends Tax;
- ARM currently has 215 624 972 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 510 cents per ordinary share, being the dividend for the year ended 30 June 2013, has been declared payable on Monday, 30 September 2013 to those shareholders recorded in the books of the Company at the close of business on Friday, 27 September 2013. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Thursday, 19 September 2013. The last day to trade ordinary shares cum dividend is Thursday, 19 September 2013. Ordinary shares trade ex-dividend from Friday, 20 September 2013. The record date is Friday, 27 September 2013 whilst the payment date is Monday, 30 September 2013.

No dematerialisation or rematerialisation of share certificates may occur between Friday, 20 September 2013 and Friday, 27 September 2013, 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 EAL Botha CA (SA) of Ernst & Young Inc. whose unqualified review report will be available for inspection at the Company's registered office.

The Integrated Annual Report containing a detailed review of the operations of the Company together with the audited financial statements will be distributed to shareholders at the end of October 2013.

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

Signed on behalf of the Board:

**PT Motsepe**  
*Executive Chairman*

**MP Schmidt**  
*Chief Executive Officer*

Johannesburg  
2 September 2013



# Financial statements

## Contents

26	Group statement of financial position
27	Group income statement
28	Group statement of comprehensive income
29	Group statement of changes in equity
30	Group statement of cash flows
31	Notes to the financial statements

## Group statement of financial position

as at 30 June 2013

	Note	Reviewed 2013 Rm	Audited 2012 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20 636	18 707
Investment property		12	12
Intangible assets		179	191
Deferred tax asset		327	3
Loans and long-term receivables		285	221
Financial assets		137	74
Inventories		–	141
Investment in associate		1 420	1 354
Other investments		2 391	4 959
		<b>25 387</b>	<b>25 662</b>
<b>Current assets</b>			
Inventories		3 222	2 458
Trade and other receivables		4 667	3 606
Taxation		22	26
Cash and cash equivalents	5	4 632	3 564
		<b>12 543</b>	<b>9 654</b>
<b>Assets held for sale</b>		<b>191</b>	<b>–</b>
<b>Total assets</b>		<b>38 121</b>	<b>35 316</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital		11	11
Share premium		3 996	3 937
Other reserves		769	571
Retained earnings		19 294	18 681
<b>Equity attributable to equity holders of ARM</b>		<b>24 070</b>	<b>23 200</b>
Non-controlling interest		1 393	1 205
<b>Total equity</b>		<b>25 463</b>	<b>24 405</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	3 293	2 216
Deferred tax liabilities		3 951	3 777
Long-term provisions		991	892
		<b>8 235</b>	<b>6 885</b>
<b>Current liabilities</b>			
Trade and other payables		2 678	2 318
Short-term provisions		714	463
Taxation		332	224
Overdrafts and short-term borrowings	7	699	1 021
		<b>4 423</b>	<b>4 026</b>
<b>Total equity and liabilities</b>		<b>38 121</b>	<b>35 316</b>

# Group income statement

for the year ended 30 June 2013

	Note	Reviewed 2013 Rm	Audited 2012 Rm
<b>Revenue</b>		<b>20 519</b>	<b>18 142</b>
<b>Sales</b>		<b>19 844</b>	<b>17 530</b>
Cost of sales		(13 115)	(11 463)
<b>Gross profit</b>		<b>6 729</b>	<b>6 067</b>
Other operating income		960	859
Other operating expenses	9	(2 152)	(1 710)
<b>Profit from operations before exceptional items</b>		<b>5 537</b>	<b>5 216</b>
Income from investments		268	279
Finance costs		(225)	(232)
(Loss)/income from associate		(14)	11
<b>Profit before taxation and exceptional items</b>		<b>5 566</b>	<b>5 274</b>
Exceptional items excluding tax	3	(2 639)	(70)
<b>Profit before taxation</b>		<b>2 927</b>	<b>5 204</b>
Taxation	8	(1 145)	(1 633)
<b>Profit for the year</b>		<b>1 782</b>	<b>3 571</b>
<b>Attributable to:</b>			
Non-controlling interest		148	133
Equity holders of ARM		1 634	3 438
		<b>1 782</b>	<b>3 571</b>
<b>Additional information</b>			
Headline earnings (R million)	4	3 737	3 451
Headline earnings per share (cents)		1 735	1 615
Basic earnings per share (cents)		759	1 609
Diluted headline earnings per share (cents)		1 723	1 604
Diluted basic earnings per share (cents)		753	1 598
Number of shares in issue at end of year (thousands)		215 625	214 852
Weighted average number of shares in issue (thousands)		215 357	213 689
Weighted average number of shares used in calculating diluted earnings per share (thousands)		216 914	215 118
Net asset value per share (cents)		11 163	10 798
EBITDA (R million)		7 230	6 531
Dividend declared after year-end (cents per share)		510	475

# Group statement of comprehensive income for the year ended 30 June 2013

Group	Available- for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share- holders of ARM Rm	Non- controlling interest Rm	Total Rm
<b>For the year ended 30 June 2012 (Audited)</b>						
Profit for the year to 30 June 2012	–	–	3 438	<b>3 438</b>	133	<b>3 571</b>
Revaluation of listed investment	(856)	–	–	<b>(856)</b>	–	<b>(856)</b>
Deferred tax on revaluation of listed investment	81	–	–	<b>81</b>	–	<b>81</b>
Net impact of revaluation of listed investment	(775)	–	–	<b>(775)</b>	–	<b>(775)</b>
Realisation of foreign exchange movements on loans to a foreign Group entity	–	87	–	<b>87</b>	–	<b>87</b>
Deferred tax on realisation of foreign exchange on loans to a foreign Group entity	–	(12)	–	<b>(12)</b>	–	<b>(12)</b>
Foreign exchange on loans to foreign Group entity	–	30	–	<b>30</b>	–	<b>30</b>
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity	–	(8)	–	<b>(8)</b>	–	<b>(8)</b>
Cash flow hedge reserve	–	(11)	–	<b>(11)</b>	–	<b>(11)</b>
Foreign currency translation reserve movement	–	16	–	<b>16</b>	–	<b>16</b>
Total other comprehensive income	(775)	102	–	<b>(673)</b>	–	<b>(673)</b>
<b>Total comprehensive income for the year</b>	<b>(775)</b>	<b>102</b>	<b>3 438</b>	<b>2 765</b>	<b>133</b>	<b>2 898</b>
<b>For the year ended 30 June 2013 (Reviewed)</b>						
Profit for the year to 30 June 2013	–	–	1 634	<b>1 634</b>	148	<b>1 782</b>
Reclassification adjustment due to impairment of available-for-sale listed investment	(170)	–	–	<b>(170)</b>	–	<b>(170)</b>
Deferred tax on above	31	–	–	<b>31</b>	–	<b>31</b>
Net impact of revaluation of listed investment	(139)	–	–	<b>(139)</b>	–	<b>(139)</b>
Foreign exchange movements on loans to a foreign Group entity	–	57	–	<b>57</b>	–	<b>57</b>
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity	–	(16)	–	<b>(16)</b>	–	<b>(16)</b>
Cash flow hedge reserve	–	(32)	–	<b>(32)</b>	–	<b>(32)</b>
Foreign currency translation reserve movement	–	227	–	<b>227</b>	–	<b>227</b>
Total other comprehensive income	(139)	236	–	<b>97</b>	–	<b>97</b>
<b>Total comprehensive income for the year</b>	<b>(139)</b>	<b>236</b>	<b>1 634</b>	<b>1 731</b>	<b>148</b>	<b>1 879</b>

# Group statement of changes in equity

for the year ended 30 June 2013

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
<b>Balance at 30 June 2011 (Audited)</b>	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	–	–	94	–	94	–	94
Share options exercised	50	–	–	–	50	–	50
Bonus and performance shares issued to employees	47	–	(47)	–	–	–	–
Dividend paid	–	–	–	(959)	(959)	–	(959)
Part disposal of interest in Lubambe	–	–	–	38	38	114	152
Other	–	–	(4)	4	–	–	–
<b>Balance at 30 June 2012 (Audited)</b>	3 948	139	432	18 681	23 200	1 205	24 405
Profit for the year to 30 June 2013	–	–	–	1 634	1 634	148	1 782
Other comprehensive income	–	(139)	236	–	97	–	97
Total comprehensive income for the year	–	(139)	236	1 634	1 731	148	1 879
Share-based payments	–	–	133	–	133	–	133
Share options exercised	27	–	–	–	27	–	27
Bonus and performance shares issued to employees	32	–	(32)	–	–	–	–
Dividend paid	–	–	–	(1 021)	(1 021)	–	(1 021)
Contribution by ZCCM	–	–	–	–	–	40	40
<b>Balance at 30 June 2013 (Reviewed)</b>	4 007	–	769	19 294	24 070	1 393	25 463
<b>* Other reserves consist of the following:</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>				
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>				
General reserve	32	32	32				
Insurance contingency	14	14	18				
Share-based payments	452	351	304				
Foreign currency translation reserve	(31)	1	12				
Foreign exchange on loans to foreign Group entity	61	20	(77)				
Foreign currency translation reserve (FCTR)	255	28	12				
Premium paid on purchase of non-controlling interest	(14)	(14)	(14)				
<b>Total</b>	<b>769</b>	<b>432</b>	<b>287</b>				

## Group statement of cash flows

for the year ended 30 June 2013

	Note	Reviewed 2013 Rm	Audited 2012 Rm
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		19 611	17 883
Cash paid to suppliers and employees		(13 299)	(11 914)
Cash generated from operations	10	6 312	5 969
Interest received		199	214
Interest paid		(115)	(106)
Dividends received		64	64
Dividend paid		(1 021)	(959)
Taxation paid		(1 191)	(1 294)
<b>Net cash inflow from operating activities</b>		<b>4 248</b>	<b>3 888</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment to maintain operations		(1 452)	(1 180)
Additions to property, plant and equipment to expand operations		(2 224)	(2 866)
Proceeds on disposal of property, plant and equipment		23	1
Investment in associate		(112)	(23)
Investment in RBCT		(26)	(17)
Decrease in loans and receivables		30	8
<b>Net cash outflow from investing activities</b>		<b>(3 761)</b>	<b>(4 077)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds on exercise of share options		28	50
Long-term borrowings raised		802	501
Long-term borrowings repaid		(212)	(294)
Decrease in short-term borrowings		(144)	(78)
<b>Net cash inflow from financing activities</b>		<b>474</b>	<b>179</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>961</b>	<b>(10)</b>
Cash and cash equivalents at beginning of year		3 227	3 227
Foreign currency translation on cash balance		48	10
<b>Cash and cash equivalents at end of year</b>	5	<b>4 236</b>	<b>3 227</b>



# Notes to the financial statements

for the year ended 30 June 2013 (reviewed)

## 1 STATEMENT OF COMPLIANCE

The Group's provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and contains the information required by IAS 34 Interim Financial Reporting, 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.

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

IAS 1	Presentation of other comprehensive income (Amendment)
IAS 12	Income taxes – Recovering of underlying assets (Amendment)

The adoption of these amendments 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.

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 1	First-time amendment of International Financial Reporting Standards (Amendment)	1 January 2013
IFRS 7	Disclosures – offsetting financial assets and financial liabilities	1 January 2013
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 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
IAS 32	Offsetting financial assets and financial liabilities	1 January 2014
IAS 36	Disclosure requirements for the recoverable amount of impaired assets	1 January 2014
IFRIC 21	Leases	1 May 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 2013

## PRIMARY SEGMENTAL INFORMATION

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Explora- tion Rm	Corporate and other* Rm	Gold Rm	Total Rm
<b>2.1 Year to 30 June 2013 (Reviewed)</b>								
Sales	6 344	12 502	929	69	—	—	—	<b>19 844</b>
Cost of sales	(5 102)	(7 271)	(656)	(132)	—	46	—	<b>(13 115)</b>
Other operating income	87	306	37	11	—	519	—	<b>960</b>
Other operating expenses	(294)	(1 115)	(2)	(91)	(88)	(562)	—	<b>(2 152)</b>
<b>Segment result</b>	<b>1 035</b>	<b>4 422</b>	<b>308</b>	<b>(143)</b>	<b>(88)</b>	<b>3</b>		<b>5 537</b>
Income from investments	21	137	—	—	—	46	64	<b>268</b>
Finance cost	(56)	(26)	(82)	(20)	—	(35)	—	<b>(219)</b>
Finance cost Implants: Shareholders' loan								
Two Rivers	(3)	—	—	—	—	—	—	<b>(3)</b>
Finance cost ARM: Shareholders' loan								
Two Rivers	(3)	—	—	—	—	—	—	<b>(3)</b>
Income from associate	—	—	(14)	—	—	—	—	<b>(14)</b>
Exceptional items	—	(182)	(3)	—	—	—	(2 454)	<b>(2 639)</b>
Taxation	(285)	(1 245)	(63)	(6)	—	(30)	484	<b>(1 145)</b>
Non-controlling interest	(182)	—	—	34	—	—	—	<b>(148)</b>
<b>Contribution to basic earnings</b>	<b>527</b>	<b>3 106</b>	<b>146</b>	<b>(135)</b>	<b>(88)</b>	<b>(16)</b>	<b>(1 906)</b>	<b>1 634</b>
<b>Contribution to headline earnings</b>	<b>527</b>	<b>3 237</b>	<b>148</b>	<b>(135)</b>	<b>(88)</b>	<b>(16)</b>	<b>64</b>	<b>3 737</b>
<b>Other information:</b>								
Segment assets, including investment in associate	9 913	16 826	3 631	3 581	—	1 895	2 275	<b>38 121</b>
Investment in associate			1 420					<b>1 420</b>
Segment liabilities	2 008	1 617	1 717	919	—	2 114	—	<b>8 375</b>
Unallocated liabilities (tax and deferred tax)								<b>4 283</b>
Consolidated total liabilities								<b>12 658</b>
Cash inflow/(outflow) from operating activities	988	3 979	219	(48)	(88)	(866)	64	<b>4 248</b>
Cash outflow from investing activities	(654)	(2 041)	(169)	(888)	—	(9)	—	<b>(3 761)</b>
Cash (outflow)/inflow from financing activities	(149)	—	(155)	144	—	634	—	<b>474</b>
Capital expenditure	735	1 951	41	753	—	9	—	<b>3 489</b>
Amortisation and depreciation	676	885	106	21	—	5	—	<b>1 693</b>
Impairment	—	156	—	—	—	—	—	<b>156</b>
EBITDA	1 711	5 307	414	(122)	(88)	8	—	<b>7 230</b>

\* Corporate, other companies and consolidation adjustments.

# Notes to the financial statements

for the year ended 30 June 2013

## PRIMARY SEGMENTAL INFORMATION (continued)

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Explora- tion Rm	Corporate and other* Rm	Gold Rm	Total Rm
<b>2.2 Year to 30 June 2012</b>								
<b>(Audited)</b>								
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)
<b>Segment result</b>	<b>331</b>	<b>4 696</b>	<b>214</b>	<b>(10)</b>	<b>(113)</b>	<b>98</b>	<b>–</b>	<b>5 216</b>
Income from investments	33	124	–	–	–	58	64	279
Finance cost	(47)	(14)	(103)	(34)	–	(26)	–	(224)
Finance cost Implants:								
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)
<b>Contribution to basic earnings</b>	<b>61</b>	<b>3 443</b>	<b>90</b>	<b>(31)</b>	<b>(113)</b>	<b>(76)</b>	<b>64</b>	<b>3 438</b>
<b>Contribution to headline earnings</b>	<b>60</b>	<b>3 495</b>	<b>52</b>	<b>(31)</b>	<b>(113)</b>	<b>(76)</b>	<b>64</b>	<b>3 451</b>
<b>Other information:</b>								
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.

## Notes to the financial statements

for the year ended 30 June 2013

### PRIMARY 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
<b>2.3 Year to 30 June 2013</b>				
<b>(Reviewed)</b>				
<b>Sales</b>				
External sales	2 244	2 868	1 232	<b>6 344</b>
Cost of sales	(1 810)	(2 216)	(1 076)	<b>(5 102)</b>
Other operating income	54	21	12	<b>87</b>
Other operating expenses	(168)	(114)	(12)	<b>(294)</b>
<b>Segment result</b>	<b>320</b>	<b>559</b>	<b>156</b>	<b>1 035</b>
Income from investments	9	4	8	<b>21</b>
Finance cost	(3)	(50)	(3)	<b>(56)</b>
Finance cost Implants: Shareholders' loan				
Two Rivers Platinum (Pty) Limited	–	(3)	–	<b>(3)</b>
Finance cost ARM: Shareholders' loan				
Two Rivers Platinum (Pty) Limited	–	(3)	–	<b>(3)</b>
Taxation	(94)	(146)	(45)	<b>(285)</b>
Non-controlling interest	–	(162)	(20)	<b>(182)</b>
<b>Contribution to basic earnings</b>	<b>232</b>	<b>199</b>	<b>96</b>	<b>527</b>
<b>Contribution to headline earnings</b>	<b>232</b>	<b>199</b>	<b>96</b>	<b>527</b>
<b>Other information:</b>				
Segment and consolidated assets	3 316	3 823	2 774	<b>9 913</b>
Segment liabilities	608	1 037	363	<b>2 008</b>
Unallocated liabilities (tax and deferred tax)				<b>1 354</b>
Consolidated total liabilities				<b>3 362</b>
Cash inflow from operating activities	314	539	135	<b>988</b>
Cash outflow from investing activities	(80)	(427)	(147)	<b>(654)</b>
Cash outflow from financing activities	–	(149)	–	<b>(149)</b>
Capital expenditure	94	498	143	<b>735</b>
Amortisation and depreciation	254	350	72	<b>676</b>
EBITDA	574	909	228	<b>1 711</b>

# Notes to the financial statements

for the year ended 30 June 2013

## PRIMARY SEGMENTAL INFORMATION (continued)

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
<b>2.4 Year to 30 June 2012</b>				
<b>(Audited)</b>				
<b>Sales</b>				
External sales	1 554	2 335	1 025	<b>4 914</b>
Cost of sales	(1 497)	(1 811)	(953)	<b>(4 261)</b>
Other operating income	11	10	12	<b>33</b>
Other operating expenses	(234)	(68)	(53)	<b>(355)</b>
<b>Segment result</b>	<b>(166)</b>	<b>466</b>	<b>31</b>	<b>331</b>
Income from investments	6	13	14	<b>33</b>
Finance cost	(3)	(42)	(2)	<b>(47)</b>
Finance cost Implats: Shareholders' loan				
Two Rivers Platinum (Pty) Limited	–	(4)	–	<b>(4)</b>
Finance cost ARM: Shareholders' loan				
Two Rivers Platinum (Pty) Limited	–	(4)	–	<b>(4)</b>
Exceptional items	1	–	–	<b>1</b>
Taxation	33	(132)	(11)	<b>(110)</b>
Non-controlling interest	–	(133)	(6)	<b>(139)</b>
<b>Contribution to basic earnings</b>	<b>(129)</b>	<b>164</b>	<b>26</b>	<b>61</b>
<b>Contribution to headline earnings</b>	<b>(130)</b>	<b>164</b>	<b>26</b>	<b>60</b>
<b>Other information:</b>				
Segment and consolidated assets	2 786	3 443	2 592	<b>8 821</b>
Segment liabilities	366	1 048	414	<b>1 828</b>
Unallocated liabilities (tax and deferred tax)				<b>1 224</b>
Consolidated total liabilities				<b>3 052</b>
Cash inflow from operating activities	13	588	50	<b>651</b>
Cash outflow from investing activities	(272)	(332)	(224)	<b>(828)</b>
Cash outflow from financing activities	(3)	(74)	(1)	<b>(78)</b>
Capital expenditure	242	467	219	<b>928</b>
Amortisation and depreciation	192	249	80	<b>521</b>
Reversal of impairment	(1)	–	–	<b>(1)</b>
EBITDA	26	715	111	<b>852</b>

# Notes to the financial statements

for the year ended 30 June 2013

## SEGMENTAL INFORMATION (continued)

### Additional information

<i>Pro forma</i> analysis of the Ferrous segment on a 100% basis	Iron Ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM Rm
<b>2.5 Year to 30 June 2013</b>					
<b>(Reviewed)</b>					
<b>Sales</b>	15 690	7 437	1 876	25 003	12 502
Other operating income	854	272	22	1 148	306
Other operating expense	(1 576)	(878)	(313)	(2 767)	(1 115)
Operating profit	7 466	1 555	(179)	8 842	4 422
<b>Contribution to earnings</b>	5 517	827	(134)	6 210	3 106
<b>Contribution to headline earnings</b>	5 531	940	1	6 472	3 237
<b>Other information:</b>					
Consolidated total assets	23 185	10 513	776	34 474	16 826
Consolidated total liabilities	5 985	2 555	332	8 872	1 617
Capital expenditure	2 709	1 223	132	4 064	1 951
Amortisation and depreciation	1 180	533	102	1 815	885
Cash inflow/(outflow) from operating activities	3 694*	1 314	(51)	4 957	3 979
Cash outflow from investing activities	(2 791)	(1 164)	(127)	(4 082)	(2 041)
EBITDA	8 646	2 088	(77)	10 657	5 307
<b>2.6 Year to 30 June 2012</b>					
<b>(Audited)</b>					
<b>Sales</b>	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
<b>Other information:</b>					
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

\* Dividend paid amounting to R3 billion (F2012: R2 billion) included in cash flows from operating activities.

# Notes to the financial statements

for the year ended 30 June 2013

	Reviewed 2013 Rm	Audited 2012 Rm
<b>3 EXCEPTIONAL ITEMS</b>		
Loss on sale of property, plant and equipment	(26)	(2)
Impairment of available-for-sale listed investment	(2 454)	–
Impairments and scrapping of property, plant and equipment	(159)	(68)
Exceptional items per income statement	(2 639)	(70)
Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	–	52
Taxation accounted for in associate	–	(14)
Taxation on impairment of available-for-sale investment	484	–
Taxation on other exceptional items	52	19
Total amount adjusted for headline earnings	(2 103)	(13)
<b>4 HEADLINE EARNINGS</b>		
Basic earnings attributable to equity holders of ARM	1 634	3 438
– Profit on sale of property, plant and equipment in associate – ARM Coal	–	(52)
– Impairment of available-for-sale listed investment	2 454	–
– Impairments and scrapping of property, plant and equipment	159	68
– Loss on disposal of property, plant and equipment	26	2
	4 273	3 456
– Taxation on impairment of available-for-sale investment	(484)	–
– Taxation on other exceptional items	(52)	(5)
	3 737	3 451
<b>5 CASH AND CASH EQUIVALENTS</b>		
– African Rainbow Minerals Limited	579	161
– ARM Finance Company SA	60	107
– ARM Coal Proprietary Limited	4	–
– Assmang Limited	2 588	2 160
– ARM Platinum Proprietary Limited	125	152
– Kingfisher Insurance Co Limited	134	146
– Nkomati	223	43
– Two Rivers Platinum Proprietary Limited	9	2
– Vale/ARM joint venture	45	60
– Venture Building Trust Proprietary Limited	2	4
– Restricted cash	863	729
Total as per statement of financial position	4 632	3 564
Less: Overdrafts (included in note 7)	396	337
Total as per statement of cash flows	4 236	3 227
<b>6 LONG-TERM BORROWINGS</b>		
– African Rainbow Minerals Limited	564	–
– ARM Finance Company SA	735	277
– ARM Coal Proprietary Limited (partner loan)	1 492	1 604
– Two Rivers Platinum Proprietary Limited	104	140
– Vale/ARM joint venture (partner loan)	398	195
	3 293	2 216

# Notes to the financial statements

for the year ended 30 June 2013

	Reviewed 2013 Rm	Audited 2012 Rm
<b>7 OVERDRAFTS AND SHORT-TERM BORROWINGS</b>		
– African Rainbow Minerals Limited	3	415
– ARM Mining Consortium Limited	–	57
– ARM Mining Consortium Limited – Anglo Platinum Limited (partner loan)	114	114
– ARM Coal Proprietary Limited	36	14
– ARM Finance Company SA	60	–
– Two Rivers Platinum Proprietary Limited – Bank loans and overdrafts	443	338
– Two Rivers Platinum Proprietary Limited – Impala Platinum (partner loan)	–	48
– Vale/ARM joint venture	13	–
– Other	30	35
	<b>699</b>	<b>1 021</b>
Overdrafts included above and referred to in note 5		
– ARM Mining Consortium Limited	–	57
– Two Rivers Platinum Proprietary Limited	353	245
– Vale/ARM joint venture	13	–
– Other	30	35
	<b>396</b>	<b>337</b>
<b>8 TAXATION</b>		
South African normal taxation		
– current year	1 344	1 184
– mining	1 185	1 043
– non-mining	159	141
– prior year	(42)	69
Deferred taxation	(164)	329
Foreign taxes	7	1
Secondary Tax on Companies	–	50
	<b>1 145</b>	<b>1 633</b>
<b>9 MINERAL ROYALTY TAXATION</b>		
Included in other operating expenses are amounts relating to ARM's attributable portion of mineral royalty taxes paid		
Assmang Limited	445	438
ARM Mining Consortium Limited	–	3
Vale/ARM joint venture	4	–
ARM Coal Proprietary Limited	1	1
Nkomati	8	7
Two Rivers Platinum Proprietary Limited	93	43
	<b>551</b>	<b>492</b>
<b>10 CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL MOVEMENTS</b>		
Cash generated from operations before working capital movement	7 921	7 158
Working capital changes	(1 609)	(1 189)
– Movement in inventories	(863)	(375)
– Movement in receivables	(1 066)	(528)
– Movement in payables and provisions	320	(286)
Cash generated from operations (per cash flow)	<b>6 312</b>	<b>5 969</b>



# Notes to the financial statements

for the year ended 30 June 2013

	Reviewed 2013 Rm	Audited 2012 Rm
<b>11 COMMITMENTS</b>		
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:		
<b>Commitments</b>		
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	1 265	3 580
– not contracted for	482	419
Total commitments	1 747	3 999
<b>12 CONTINGENT LIABILITIES</b>		
There have been no significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2012 annual report.		
<b>13 EVENTS AFTER REPORTING DATE</b>		
The Kalumines transaction was concluded after the year-end. As a result, all the Kalumines assets are reflected as held-for-sale.		
No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.		

## NOTES

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## Contact details and administration

### **African Rainbow Minerals Limited**

Incorporated in the Republic of South Africa

Registration number 1933/004580/06

ISIN code: ZAE 000054045

### **Registered office**

ARM House

29 Impala Road

Chislehurst, Sandton, 2196

South Africa

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South Africa

Telephone: +27 11 779 1300

Fax: +27 11 779 1312

E-mail: [ir.admin@arm.co.za](mailto:ir.admin@arm.co.za)

Website: <http://www.arm.co.za>

### **Transfer secretaries**

Computershare Investor Services

Proprietary Limited

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Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000

Telefax: +27 11 688 5222

E-mail: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

Website: <http://www.computershare.co.za>

### **Sponsor**

Deutsche Securities (SA) Proprietary Limited

## Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the 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\*

DV Simelane

Dr RV Simelane\*

ZB Swanepoel\*

AJ Wilkens

\* *Independent non-executive*

\*\* *Non-executive*



[www.arm.co.za](http://www.arm.co.za)