



African Rainbow Minerals

WE DO IT BETTER

## REVIEWED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

## SHAREHOLDER INFORMATION

Issued share capital as at 31 December 2005	204 864 497
Primary listing	JSE Limited
Ticker symbol	'ARI'
Number of employees	6 123
Number of shareholders	4 144
– Local	86%
– International	14%

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## FORWARD LOOKING STATEMENTS

Certain statements in this presentation constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.

Such forward looking statements involve 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; labor 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.

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## HIGHLIGHTS

- Headline earnings increased from R19 million to R131 million
- Excellent progress on Two Rivers Platinum Project
- Assmang shareholders' agreement and delisting approved
- Release of the 8.4 million ton per annum export BKM iron ore mine
- Exploration assets outside South Africa listed through TEAL on the Toronto Stock Exchange
- Nkomati approved expansion from a 30 000 tpm to 100 000 tpm mine with a new concentrator

## COMMENTARY

The board of ARM is pleased to announce its interim results for the six months ended 31 December 2005 which have been prepared in accordance with International Financial Reporting Standards.

Headline earnings increased from R19 million for the six months to 31 December 2004 to R131 million for the current reporting period. Earnings were positively affected by improved results from Modikwa and not including our share of Harmony Gold Mining Company Limited's ("Harmony") results (now accounted for as an investment), but negatively affected both by the participation in only 50% of Nkomati's earnings following the disposal of 50% to LionOre and lower earnings from Assmang.

ARM Platinum benefited from strong PGM prices with Modikwa Platinum Mine reporting a significant increase in cash operating profits to R70 million (at 50% ownership) (2004: R8 million). Nkomati Nickel Mine has continued with its consistent strong performance.

Assmang Limited ("Assmang") reported a 22% decrease in headline earnings to R275 million, mainly driven by lower sales volumes and prices achieved at the manganese and chrome operations as explained below in more detail.

Harmony improved its gold production by 6% to 20 316kg and reported an increase in operating profit to R389.4 million from R118.8 million for the quarter ended 31 December 2005. A significant increase in the Harmony share price resulted in a stronger ARM balance sheet with investments having increased by R1.7 billion since June 2005.

Total consolidated short and long term borrowings increased from R1.6 billion on 30 June 2005 to R2.0 billion on 31 December 2005, mainly as a result of borrowings to fund the Two Rivers Platinum Project. ARM's net debt to equity ratio remains, however, at a comfortable 16%.

We continued with our organic growth programme through the release, in conjunction with our partners, of two significant projects. The Two Rivers Platinum Project in the Mpumalanga Province was released in June 2005 and the 8.4 million ton per annum export iron ore mine on our Bruce, King and Mokaning properties ("the BKM Mine"), situated in the Northern Cape Province, was released during January 2006.

Furthermore, we have successfully completed the Dwarsrivier underground chrome mine situated in Mpumalanga, ahead of schedule and below budget. In addition, the Nchwaning 3 manganese mine was completed and became fully operational during the period under review.

The restructuring of the Assmang shareholders' agreement has been completed and the delisting of the company has received all the necessary approvals.

We have also today announced that Nkomati Nickel will increase monthly production from 30 000 tons to 100 000 tons per month, maintaining current nickel production levels.

## OPERATIONAL REVIEW

### ARM Ferrous

The ARM Ferrous operations which are held through its investment in Assmang consists of three divisions namely, iron ore, manganese and chrome.

Assmang reported turnover for the six months to 31 December 2005 of R1,87 billion (2004: R1,89 billion). Earnings decreased by 24% to R275 million (2004: R362 million) and headline earnings decreased by 22% to R275 million (2004: R354 million).

## COMMENTARY

The decrease in earnings and headline earnings can be primarily attributed to decreases in sales volumes of manganese ore and charge chrome and a substantial price decrease for manganese alloys as a result of negative market conditions over the reporting period.

	Six months ended		Percentage change
	2005 '000	2004 '000	
100% basis Assmang product volumes sales	metric tons	metric tons	
Manganese ore*	573	766	(25)
Iron ore	2 600	2 541	2
Manganese alloys	130	105	24
Charge chrome	89	104	(14)
Chrome ore*	56	23	144

\*Excluding intra-group sales

### Major capital projects

The ARM Ferrous division through Assmang continued its capital expenditure programme, spending R313 million (2004: R286 million) during the period under review. Of this, R43 million was spent on the completion of the Dwarsrivier underground chrome mine, which commenced production well ahead of schedule and under budget, at a total capital cost of R187 million. The Nchwaning 3 manganese mine has been completed and is fully operational.

During the period under review the Board of Assmang approved the first phase construction of a new export iron ore mine on its Bruce, King and Mokaning properties, ("the BKM Mine"), adjacent to Kumba's Sishen mine, near Kathu in the Northern Cape Province. Construction of the BKM Mine will commence during the early part of calendar year 2006 with the first phase resulting in a new 8.4 million ton per annum export iron ore mine at an estimated total capital cost of R3.2 billion, excluding capitalised interest. First production is expected during the first half of calendar year 2008. A second phase expansion of the BKM Mine to increase production volumes from the initial 8.4 million tons per annum to 16.0 million tons per annum export capacity forms part of the current design and incorporates some of the capital required for the first phase. The second phase expansion, which would need further Board approval, will require a further estimated R1.8 billion to increase the capacity to 16.0 million tons per annum export capacity. This second phase expansion is, however, dependant on further increases in the capacity of Transnet's Sishen/Saldanha export channel. The capital expenditure for the BKM Mine referred to above will be funded by Assmang from internally generated cash and funding facilities available to Assmang.

## COMMENTARY

### Delisting of Assmang

On 30 January 2006 minority shareholders of Assmang approved a scheme of arrangement, in terms of Section 311 of the Companies Act No. 61 of 1973, as amended, in terms of which Assore Limited ("Assore") will acquire all the shares in the issued ordinary share capital of Assmang, other than those already held by ARM and Assore. The High Court of South Africa (Witwatersrand Local Division) sanctioned the abovementioned scheme on 7 February 2006.

The effect of this transaction will be that ARM and Assore will each hold a 50% interest in Assmang and will control the company jointly. Assmang's listing on the JSE Limited is expected to be terminated on or about 28 February 2006.

### ARM Platinum

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

### Modikwa Platinum Mine

Modikwa, which remains in a build-up phase, has made significant progress in changing the mining method from down dip mining with reef drives to breast (strike) mining with footwall drives. Production capacity has been increased through the improved development rate and the mine is expected to reach design capacity during the next reporting period.

The improved metals basket price has resulted in a cash operating profit of R70 million (at 50% ownership) (2004: R8 million) for the six months under review.

Modikwa – 100% basis		Six months ended		
		31 December 2005	31 December 2004	Percentage change
Tons milled	million tons	1.29	1.14	13
Head grade (4E)	g/t	4.15	4.35	(5)
Platinum in concentrate	ounces	65 445	60 000	9
Cash cost	R/ton	373	373	–
Cash cost	R/Pt oz	7 349	7 067	(4)
Capex	R million	60	54	11

### Nkomati Nickel Mine

The Nkomati Nickel Mine again reported consistent, high earnings. Nkomati continues to mine from various ore bodies and during the past period 23% of the run of mine tons comprised of MMZ, the ore body targeted for the Expansion Project. Following the sale of 50% of Nkomati Nickel Mine ("Nkomati") to LionOre, effective 31 May 2005, results for this reporting period will reflect 50% of the profits from this operation whereas in the comparative six month period the Nkomati profits were accounted for on a 100% basis.

## COMMENTARY

The mine has again had an excellent performance over the last six months, with contribution to earnings of R52 million at 50% ownership (R103 million at 100% ownership).

Nkomati – 100% basis		Six months ended	
		31 December	31 December
		2005	2004
Cash operating profit	R million	195	178
Tons milled	('000)	182	184
Nickel head grade	(% nickel)	1.97	1.94
On-mine cash cost per tons treated	(R/ton)	508	426
Cash cost (net of by-products)	US\$/lb.	0.87	1.32
<b>Market sales</b>			
Nickel	tons	2 534	2 585
Copper	tons	1 485	1 693
Cobalt	tons	42	49
PGMs	ounces	16 431	21 502

### Nkomati Nickel Expansion Project

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

### Two Rivers Platinum Project

The 220 000 oz PGMs per annum Two Rivers Platinum Project was officially released for construction on 1 June 2005. Of the R1,3 billion estimated capital expenditure, project finance of R700 million has been secured with the balance of the funding being contributed by the two partners (ARM 55% and Implats 45%).

The overall project progress to completion remains on plan at 60% complete and capital expenditure is forecasted to be within budget. The mining stockpile now exceeds 600 000 tons as mining ramp up progresses. The concentrator plant will be commissioned during the second half of this calendar year.

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## COMMENTARY

### **Kalplats PGM Exploration Project**

ARM and joint venture partner, Platinum Australia Limited, are progressing with exploration and feasibility work to determine the viability of Kalplats, the results of which are expected during the next six months.

### **TEAL Exploration & Mining Incorporated ("TEAL")**

TEAL is a mineral development and exploration company that is currently focused on development projects with properties located in Zambia, Namibia and the Democratic Republic of Congo. TEAL completed its listing on the Toronto Stock Exchange on 15 November 2005, raising US\$33,3 million in order to further progress its projects and properties. At listing, ARM diluted its holding to 65% resulting in an exceptional profit of R133 million.

The progress being made at the Mwambashi Copper Project remains encouraging. It is expected that by the end of the 2006 calendar year, TEAL will have completed the necessary permitting requirements, finalised marketing and off-take arrangements; mine site establishment will be concluded and open-pit mining will have commenced. This is expected to enable the build-up to full production during the first-half of the 2007 calendar year.

As disclosed at the time of the Initial Public Offering a secondary listing of TEAL's Common Shares on the JSE Limited is expected to be completed within the next two months.

## **SAFETY AND HEALTH**

### **Safety**

Our continued focus on safety at all levels within the company is yielding positive results. Our quarter-on-quarter safety performance also showed significant improvement, with the LDIFR dropping from 7.5 in the first quarter to 6.1 in the second quarter.

During December 2005, our Beeshoek and Dwarsrivier mines completed 3 000 and 1 308 fatality free production shifts, respectively.

### **Environment**

We are pleased to announce that, during January 2006, the Cato Ridge Works operation received ISO 14001 certification. Presently, most operations are accredited for either ISO 14001, 9001 and/or 18001.

### **Outlook**

The results as reported further demonstrate the continued benefit to ARM through its diversified commodity portfolio. Most commodity prices are expected to remain at similar, or slightly lower, levels in US\$ terms for the remainder of the year. We do not expect the United States Dollar : South African Rand exchange rate to be materially different from current levels. As a result our operations continue to strive for increased efficiencies and lower costs in order to retain competitiveness.



## COMMENTARY

Having made good progress in the release and development of our projects, ARM is well-positioned to meet its growth strategy of doubling production in key commodities by year 2010.

### **Dividends**

The company is currently involved in a high expansion phase with a significant and exciting project pipeline as well as a number of other growth opportunities. As a result the Board of Directors has decided to conserve resources and not to declare a dividend for the six months ended 31 December 2005.

### **Review by independent auditors**

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

Signed on behalf of the board:

**P T Motsepe**  
*Executive Chairman*

**A J Wilkens**  
*Chief Executive Officer*

Johannesburg  
17 February 2006

## GROUP BALANCE SHEETS

at 31 December 2005

	Notes	Reviewed at 31 December 2005 Rm	Unaudited December 2004 Restated Rm	Audited at 30 June 2005 Restated Rm
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		5 529	4 903	5 025
Intangible assets		4	6	5
Deferred tax assets		69	7	68
Environmental rehabilitation trust funds		29	29	29
Loans and long-term receivables		8	—	—
Investments	4	5 404	3 261	3 708
		<b>11 043</b>	<b>8 206</b>	<b>8 835</b>
<b>Current assets</b>				
Inventories		1 317	1 210	1 144
Trade and other receivables		1 166	1 073	1 528
Cash and cash equivalents		494	225	259
		<b>2 977</b>	<b>2 508</b>	<b>2 931</b>
<b>Total assets</b>		<b>14 020</b>	<b>10 714</b>	<b>11 766</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Ordinary share capital		10	10	10
Share premium		3 511	3 496	3 497
Other reserves		686	(1 168)	(772)
Retained earnings		4 020	3 552	3 776
<b>Shareholders' interest in capital and reserves</b>		<b>8 227</b>	<b>5 890</b>	<b>6 511</b>
Minority interest		1 604	1 494	1 461
<b>Total shareholders' interest</b>		<b>9 831</b>	<b>7 384</b>	<b>7 972</b>
<b>Non-current liabilities</b>				
Long-term borrowings	5	1 342	787	962
Deferred tax liabilities		1 106	758	814
Long-term provisions		208	159	190
		<b>2 656</b>	<b>1 704</b>	<b>1 966</b>
<b>Current liabilities</b>				
Trade and other payables		637	583	861
Provisions		35	36	51
Taxation		170	174	304
Overdrafts and short-term borrowings	5	691	833	612
		<b>1 533</b>	<b>1 626</b>	<b>1 828</b>
<b>Total equity and liabilities</b>		<b>14 020</b>	<b>10 714</b>	<b>11 766</b>

## GROUP INCOME STATEMENTS

for the six months ended 31 December 2005

		Reviewed Six months ended 31 December 2005	Unaudited 2004 Restated Rm	Audited Year ended 30 June 2005 Restated Rm
	Note	Rm	Rm	Rm
Revenue		2 348	2 391	5 485
Cost of sales		(1 702)	(1 618)	(3 743)
Gross profit		646	773	1 742
Other operating income		115	27	273
Other operating expenses		(263)	(168)	(419)
Retrenchment cost		–	(7)	(8)
Profit from operations before exceptional items		498	625	1 588
Income from investments		10	12	22
Finance costs		(81)	(98)	(172)
Loss from associate		–	(138)	(150)
Profit before taxation and exceptional items		427	401	1 288
Exceptional items	6	116	284	155
Profit before taxation		543	685	1 443
Taxation		(166)	(285)	(530)
Profit for period		377	400	913
Attributable to:				
Minority interest		130	161	451
Equity holders of the parent		247	239	462
		377	400	913
Additional information				
Headline earnings (R million)		131	19	339
Headline earnings per share (cents)		64	9	166
Basic attributable earnings per share (cents)		121	117	226
Fully diluted attributable earnings per share (cents)		120	117	226
Fully diluted headline earnings per share (cents)		64	9	166
Number of shares in issue at end of period (thousands)		204 864	204 391	204 437
Weighted average number of shares in issue (thousands)		204 724	204 313	204 370
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)		205 810	204 619	204 794
Net asset value per share (cents)		4 016	2 882	3 185

# STATEMENTS OF CHANGES IN EQUITY

for the six months ended 31 December 2005

	Share capital and premium Rm	Minority interest Rm	Revaluation of listed investments Rm	Other Rm	Retained earnings Rm	Total Rm
<b>Six months ended</b>						
<b>31 December 2005 (Reviewed)</b>						
Balance at 30 June 2005						
as previously reported	3 507	1 461	(821)	49	3 776	7 972
Basic earnings	–	–	–	–	247	247
Share options exercised	14	–	–	–	–	14
Revaluation of listed investments	–	–	1 696	–	–	1 696
Deferred tax on revaluation of listed investments	–	–	(247)	–	–	(247)
Translation reserve on translation of subsidiary	–	–	–	(6)	–	(6)
Share-based payments (IFRS 2 adjustment)	–	–	–	14	–	14
Teal Limited minorities	–	73	–	–	–	73
Minority interest in earnings	–	130	–	–	–	130
Dividend paid to minorities	–	(60)	–	–	–	(60)
Other	–	–	–	1	(3)	(2)
Balance at 31 December 2005	3 521	1 604	628	58	4 020	9 831
<b>Six months ended</b>						
<b>31 December 2004 (Unaudited)</b>						
Restated						
Balance at 30 June 2004						
as previously reported	3 505	1 326	–	(193)	3 316	7 954
Basic earnings	–	–	–	–	239	239
Revaluation of listed investments	–	–	(1 423)	–	–	(1 423)
Deferred tax on revaluation of listed investments	–	–	216	–	–	216
Share of associate other reserves	–	–	–	235	–	235
Share-based payments (IFRS 2 adjustment)	–	–	–	1	–	1
Share options exercised	1	–	–	–	–	1
Minority interest in earnings	–	161	–	–	–	161
Dividend paid to minorities	–	(13)	–	–	–	(13)
Re-allocation risk funding: Two Rivers	–	20	–	–	–	20
Other	–	–	–	(4)	(3)	(7)
Balance at 31 December 2004	3 506	1 494	(1 207)	39	3 552	7 384
<b>Year ended 30 June 2005 (Audited)</b>						
Restated						
Balance at 30 June 2004						
as previously reported	3 505	1 326	–	(193)	3 316	7 954
Basic earnings as previously stated	–	–	–	–	462	462
Revaluation of listed investments	–	–	(962)	–	–	(962)
Deferred tax on revaluation of listed investments	–	–	141	–	–	141
Reversal of associate's other reserves	–	–	–	235	–	235
Share options exercised	2	–	–	–	–	2
Share-based payments (IFRS 2 adjustment)	–	–	–	11	–	11
Realisation of land and buildings	–	–	–	(6)	–	(6)
Minority interest in earnings	–	451	–	–	–	451
Dividend paid to minorities	–	(45)	–	–	–	(45)
Re-allocation risk funding: Two Rivers	–	(271)	–	–	–	(271)
Other	–	–	–	2	(2)	–
Balance at 30 June 2005	3 507	1 461	(821)	49	3 776	7 972

## GROUP CASH FLOW STATEMENTS

for the six months ended 31 December 2005

	Reviewed Six months ended 31 December 2005 Rm	Unaudited Six months ended 2004 Rm	Audited Year ended 30 June 2005 Rm
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	2 799	2 574	5 297
Cash paid to suppliers and employees	(2 133)	(1 966)	(3 636)
Cash generated from operations	666	608	1 661
Interest received	10	12	22
Interest paid	(81)	(105)	(183)
Dividends received	–	19	19
Dividends paid to minorities	(60)	(13)	(45)
Taxation paid	(256)	(55)	(168)
<b>Net cash inflow from operating activities</b>	<b>279</b>	<b>466</b>	<b>1 306</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets to maintain operations	(391)	(349)	(705)
Additions to fixed assets to expand operations	(303)	(92)	(297)
Proceeds on disposal of property plant and equipment	2	50	39
Proceeds on disposal of investments	–	–	9
Increase in loans and long-term receivable	(8)	–	–
Net cash effect on disposal of 50% of Nkomati mine	–	–	136
Investments acquired	–	–	(8)
<b>Net cash outflow from investing activities</b>	<b>(700)</b>	<b>(391)</b>	<b>(826)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds on exercise of share options	14	1	2
Funding received from minority shareholders	47	21	–
Investment by minority shareholders	215	–	–
Long-term borrowings raised	391	30	110
Long-term borrowings repaid	(135)	(94)	(215)
Increase/(Decrease) in short-term borrowings	129	(136)	(446)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>661</b>	<b>(178)</b>	<b>(549)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>240</b>	<b>(103)</b>	<b>(69)</b>
Effects of exchange rate changes	(5)	–	–
Cash and cash equivalents at beginning of period	259	328	328
<b>Cash and cash equivalents at end of period</b>	<b>494</b>	<b>225</b>	<b>259</b>
Cash generated from operations per share (cents)	325	298	813

## NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

### 1. BASIS OF PREPARATION

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

The financial information for the half-year ended 31 December 2005 has been prepared adopting the same accounting policies used in the most recent annual financial statements, except for the adoption of the new statement IFRS 2 – share-based payments.

As a result the previously reported results for the half-year ended 31 December 2004 and the year ended 30 June 2005 have been restated as is more fully explained below.

These consolidated financial statements are prepared in accordance with IAS 34 – interim financial reporting.

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

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

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

This statement becomes effective for the ARM group for the financial year ending 30 June 2006.

The prior and current reporting period adjustments are:

- Half-year ended 31 December 2005: R14 million – charge to income statement.
- Financial year ended 30 June 2005: R11 million – charge to income statement and restatement of comparatives.
- Half-year ended 31 December 2004: R1 million – charge to income statement and restatement of comparatives.

## NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

	Reviewed Six months ended 31 December 2005 Rm	Unaudited 2004 Restated Rm	Audited Year ended 30 June 2005 Restated Rm
<b>3. INVESTMENT IN ASSOCIATE</b>			
Opening balance	–	4 338	4 338
Movement for period	–	(138)	329
Transfer to investments	–	(4 200)	(4 667)
Closing balance	–	–	–
The investment in Harmony has been accounted for as an associate from the date of acquisition to 30 November 2004 which was the date when the ARM interest diluted to 16.19% following the new share issue by Harmony to certain Gold Fields shareholders.			
<b>4. INVESTMENTS</b>			
<b>Listed</b>			
Opening balance	3 708	3	3
Transfer from associates	–	4 200	4 667
Unrealised fair value adjustment	1 696	(1 207)	(962)
Realisation of unrealised profit on sale of Avgold	–	265	–
Total carrying amount of investments	5 404	3 261	3 708
<b>5. BORROWINGS</b>			
<b>Long-term borrowings are held as follows:</b>			
– African Rainbow Minerals Limited	225	212	130
– Assmang Limited	13	14	13
– ARM Platinum (Proprietary) Limited	459	561	465
– Two Rivers Platinum (Proprietary) Limited	645	–	354
	1 342	787	962
<b>Overdrafts and short-term borrowings are held as follows:</b>			
– African Rainbow Minerals Limited	309	109	249
– Assmang Limited	225	567	161
– ARM Platinum (Proprietary) Limited	148	157	202
– Two Rivers Platinum (Proprietary) Limited	9	–	–
	691	833	612
<b>Total borrowings</b>	2 033	1 620	1 574

Interest of R14 million was capitalised for the half-year ended 31 December 2005 (31 December 2004: R1 million, 30 June 2005: R7 million).

## NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

	Reviewed Six months ended 31 December 2005 Rm	Unaudited 2004 Restated Rm	Audited Year ended 30 June 2005 Restated Rm
<b>6. EXCEPTIONAL ITEMS</b>			
Profit on disposal of Avgold (associate)	–	265	265
Profit on sale of property plant and equipment	–	13	–
Impairment of property, plant and equipment	(12)	–	(35)
Loss on disposal of 50 per cent of Nkomati mine	–	–	(82)
Profit on dilution in subsidiary	133	–	–
Other	(5)	6	7
<b>Exceptional items per income statement</b>	<b>116</b>	<b>284</b>	<b>155</b>
Taxation	–	(66)	(41)
Minority interest	–	(4)	5
Profit on sale of property, plant and equipment in associates	–	6	4
<b>Net exceptional items</b>	<b>116</b>	<b>220</b>	<b>123</b>
<b>7. HEADLINE EARNINGS</b>			
Basic earnings per income statement	247	239	462
Loss on sale of Chambishi (subsidiary)	–	–	(7)
Impairment of property, plant and equipment	12	–	35
(Profit)/Loss on sale of property plant and equipment	–	(13)	6
Profit on sale of property, plant and equipment in associate	–	(6)	(4)
Loss on disposal of 50 per cent of Nkomati mine	–	–	82
Profit on disposal of Avgold (associate)	–	(265)	(265)
Profit on dilution in subsidiary	(133)	–	–
Loss on dilution of associate	–	–	2
Other	5	(6)	(8)
	<b>131</b>	<b>(51)</b>	<b>303</b>
Taxation	–	66	41
Minority interest	–	4	(5)
<b>Headline earnings</b>	<b>131</b>	<b>19</b>	<b>339</b>
<b>8. COMMITMENTS AND CONTINGENT LIABILITIES</b>			
Commitments in respect of future capital expenditure which will be funded from cash generated and available borrowing resources are summarised below:			
Approved by directors			
– contracted for	689	160	251
– not contracted for	801	326	272
<b>Total commitments</b>	<b>1 490</b>	<b>486</b>	<b>523</b>

### Contingent liabilities

Shareholders are advised that there have been no significant changes to the contingent liabilities of the group as disclosed in the June 2005 annual report.



## NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

	Gold Rm	ARM Platinum Rm	Division Nickel Rm	Ferrous metals Rm	Explo- ration Rm	Corpo- rate and other Rm	Total Rm
<b>9. SEGMENTAL INFORMATION</b>							
Primary segmental information							
Six months ended 31 December 2005 (Reviewed)							
<b>Revenue</b>							
External revenue	–	309	169	1 870	–	–	<b>2 348</b>
Cost of sales	–	(292)	(95)	(1 315)	–	–	<b>(1 702)</b>
Other operating income per income statement	–	–	21	16	–	78	<b>115</b>
Insurance premiums written non-Group companies	–	–	–	–	–	59	<b>59</b>
Other operating income	–	–	21	16	–	19	<b>56</b>
Reinsurance premiums non-Group companies	–	–	–	–	–	(57)	<b>(57)</b>
Other operating expenses	–	(1)	(22)	(126)	(10)	(47)	<b>(206)</b>
<b>Segment result</b>	–	16	73	445	(10)	(26)	<b>498</b>
Income from investments	–	1	1	1	1	6	<b>10</b>
Finance cost	–	(45)	–	(16)	–	(20)	<b>(81)</b>
Exceptional items	–	–	–	–	–	116	<b>116</b>
Taxation	–	8	(22)	(155)	–	3	<b>(166)</b>
Minority interest	–	3	–	(137)	4	–	<b>(130)</b>
<b>Contribution to earnings</b>	–	(17)	52	138	(5)	79	<b>247</b>
<b>Contribution to headline earnings</b>	–	(17)	52	138	(5)	(37)	<b>131</b>
<b>Other information</b>							
Segment assets	5 401	2 707	272	5 089	214	268	<b>13 951</b>
Taxation	–	–	–	–	–	–	<b>69</b>
Consolidated total assets	–	–	–	–	–	–	<b>14 020</b>
Segment liabilities	–	1 390	17	738	10	758	<b>2 913</b>
Taxation	–	–	–	–	–	–	<b>1 276</b>
Consolidated total liabilities	–	–	–	–	–	–	<b>4 189</b>
Cash in /(out) flow from operating activities	–	(10)	22	214	2	51	<b>279</b>
Cash in/(out) flow from investing activities	–	(368)	(12)	(318)	(3)	1	<b>(700)</b>
Cash inflow from financing activities	–	213	–	65	216	167	<b>661</b>
Capital expenditure	–	395	14	313	–	–	<b>722</b>
Amortisation and depreciation	–	50	22	148	–	–	<b>220</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

	Gold Rm	ARM Platinum Rm	Division Nickel Rm	Ferrous metals Rm	Explo- ration Rm	Corpo- rate and other Rm	Total Rm
<b>9. SEGMENTAL INFORMATION</b>							
(continued)							
<b>Six months ended</b>							
<b>31 December 2004</b>							
<b>(Unaudited)</b>							
Restated*							
<b>Revenue</b>							
External revenue	–	195	309	1 887	–	–	<b>2 391</b>
Cost of sales	–	(246)	(145)	(1 227)	–	–	<b>(1 618)</b>
Other operating income	–	–	9	8	–	10	<b>27</b>
Other operating expenses	–	(2)	(32)	(100)	–	(41)	<b>(175)</b>
<b>Segment result</b>	–	(53)	141	568	–	(31)	<b>625</b>
Income from investments	–	1	1	1	–	9	<b>12</b>
Finance cost	–	(52)	–	(33)	–	(13)	<b>(98)</b>
Loss from associate	(138)	–	–	–	–	–	<b>(138)</b>
Exceptional items	–	–	–	8	–	276	<b>284</b>
Taxation	–	25	(39)	(182)	–	(89)	<b>(285)</b>
Minority interest	–	18	–	(179)	–	–	<b>(161)</b>
<b>Contribution to earnings</b>	(138)	(61)	103	183	–	152	<b>239</b>
<b>Contribution to headline earnings</b>	(144)	(61)	103	179	–	(58)	<b>19</b>
<b>Other information</b>							
Consolidated total assets	3 258	2 085	535	4 520	–	316	<b>10 714</b>
Consolidated total liabilities	–	862	173	1 705	–	590	<b>3 330</b>
Cash in/(out) flow from operating activities	–	(106)	140	485	–	(53)	<b>466</b>
Cash outflow from investing activities	–	(107)	(12)	(267)	–	(5)	<b>(391)</b>
Cash in/(out) flow from financing activities	–	(43)	–	(170)	–	35	<b>(178)</b>
Capital expenditure	–	107	12	286	–	36	<b>441</b>
Amortisation and depreciation	–	31	13	121	–	1	<b>166</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2005

	Gold Rm	ARM Platinum Rm	Division Nickel Rm	Ferrous metals Rm	Explo- ration Rm	Corpo- rate and other Rm	Total Rm
<b>9. SEGMENTAL INFORMATION</b>							
(continued)							
<b>Year ended 30 June 2005</b>							
<b>(Audited)</b>							
Restated*							
<b>Revenue</b>							
External revenue	–	456	623	4 406	–	–	<b>5 485</b>
Cost of sales	–	(532)	(295)	(2 916)	–	–	<b>(3 743)</b>
Other operating income							
per income statement	–	–	46	166	–	61	<b>273</b>
Insurance premiums written							
non-Group companies	–	–	–	–	–	55	<b>55</b>
Other operating income	–	–	46	166	–	6	<b>218</b>
Reinsurance premiums							
non-Group companies	–	–	–	–	–	(59)	<b>(59)</b>
Exploration	–	–	–	–	–	(25)	<b>(25)</b>
Other operating expenses	–	(7)	(63)	(193)	–	(80)	<b>(343)</b>
<b>Segment result</b>	–	(83)	311	1 463	–	(103)	<b>1 588</b>
Income from investments	–	2	2	2	–	16	<b>22</b>
Finance cost	–	(104)	–	(41)	–	(27)	<b>(172)</b>
Loss from associate	(150)	–	–	–	–	–	<b>(150)</b>
Exceptional items	(2)	–	–	(10)	–	167	<b>155</b>
Taxation	–	66	(94)	(465)	–	(37)	<b>(530)</b>
Minority interest	–	20	–	(471)	–	–	<b>(451)</b>
<b>Contribution to earnings</b>	(152)	(99)	219	478	–	16	<b>462</b>
<b>Contribution to headline earnings</b>	(155)	(99)	219	480	–	(106)	<b>339</b>
<b>Other information</b>							
Segment assets	3 706	2 295	269	5 069	–	359	<b>11 698</b>
Taxation	–	–	–	–	–	68	<b>68</b>
<b>Consolidated total assets</b>	<b>3 706</b>	<b>2 295</b>	<b>269</b>	<b>5 069</b>	<b>–</b>	<b>427</b>	<b>11 766</b>
Segment liabilities	–	1 138	17	790	–	731	<b>2 676</b>
Taxation	–	–	–	–	–	–	<b>1 118</b>
<b>Consolidated total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 794</b>
Cash in/(out) flow from operating activities	–	(179)	304	1 307	–	(126)	<b>1 306</b>
Cash in/(out) flow from investing activities	–	(265)	(20)	(655)	–	114	<b>(826)</b>
Cash in/(out) flow from financing activities	–	(30)	–	(577)	–	58	<b>(549)</b>
<b>Capital expenditure</b>	<b>–</b>	<b>280</b>	<b>20</b>	<b>699</b>	<b>–</b>	<b>38</b>	<b>1 037</b>
Amortisation and depreciation	–	85	54	285	–	2	<b>426</b>

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## CONTACT DETAILS AND ADMINISTRATION

### Registered office

ARM House  
29 Impala Road  
Chislehurst  
Sandton 2146

PO Box 786136  
Sandton, 2146

Telephone: +27 11 779 1300

Telefax: +27 11 779 1312

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

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

### Investor relations

Pieter Rörich  
Executive: Corporate Development  
Telephone: +27 11 779 1476  
[pieter.rorich@arm.co.za](mailto:pieter.rorich@arm.co.za)

Corné Bobbert  
Corporate Development  
Telephone: +27 11 779 1478  
[corne.bobbert@arm.co.za](mailto:corne.bobbert@arm.co.za)

Portia Sebulela  
Investor Relations Officer  
Telephone: +27 11 779 1300  
[portia.sebulela@arm.co.za](mailto:portia.sebulela@arm.co.za)

### Company secretary

Annamarie van der Merwe  
Telephone: +27 11 779 1480  
[annamarie.vdmerwe@arm.co.za](mailto:annamarie.vdmerwe@arm.co.za)

### United Kingdom Secretaries

St James's Corporate Services Limited  
6 St James's Place  
London SW1A 1NP  
Telephone: +44 20 7499 3916  
Telefax: +44 20 7491 1989

### Transfer secretaries

#### South Africa

Computershare Investor Services  
Ground Floor, 70 Marshall Street  
Johannesburg 2001

PO Box 61051  
Marshalltown, 2107

Telephone: +27 11 370 5000

Telefax: +27 11 688 5222

#### United Kingdom

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR34TU

Telephone: +44 870 162 3100  
Telefax: +44 20 8658 3430

African Rainbow Minerals Limited  
(Incorporated in the Republic of  
South Africa)  
(Reg. No. 1933/004580/06)  
(ISIN code: ZAE 000054045)

### Directors

P T Motsepe (*Executive Chairman*)  
R P Menell (*Deputy Chairman*)  
A J Wilkens (*Chief Executive Officer*)

F Abbott  
Dr M M M Bakane-Tuoane\*\*  
J A Chissano (Mozambican)\*\*

W M Gule  
M W King\*\*  
A K Maditsi\*\*  
J R McAlpine\*\*  
Dr P S Sibisi\*\*  
Dr R V Simelane\*\*

M V Sisulu\*\*  
J C Steenkamp  
Z B Swanepoel\*

(\*Non-executive

\*\*Independent non-executive)

