African Rainbow Minerals

INTERIM RESULTS

for the six months ended 31 December 2020

SHAREHOLDER INFORMATION

Issued share capital at 31 December 2020	224 410 483 shares
Market capitalisation at 31 December 2020	ZAR58.8 billion
Market capitalisation at 31 December 2020	US$4 billion
Closing share price at 31 December 2020	R261.91
Six-months high (1 July 2020 – 31 December 2020)	R268.00
Six-months low (1 July 2020 – 31 December 2020)	R162.55
Average daily volume traded for the six months	760 675 shares
Primary listing	JSE Limited
JSE Share Code	ARI

Contents

SALIENT FEATURES

Headline earnings for the six months ended 31 December 2020 (1H F2021) increased by 134% to R5 039 million or R25.87 per share (1H F2020: R2 155 million or R11.14 per share).

Segmental earnings before interest, tax, depreciation and amortisation (EBITDA) increased by R3 569 million to R5 089 million (1H F2020: R1 520 million).

An interim dividend of R10.00 per share was declared (1H F2020: R5.00 per share).

Basic earnings were R4 868 million and included an attributable impairment (after tax) of the Assmang investment in Sakura Ferroalloys of R169 million.

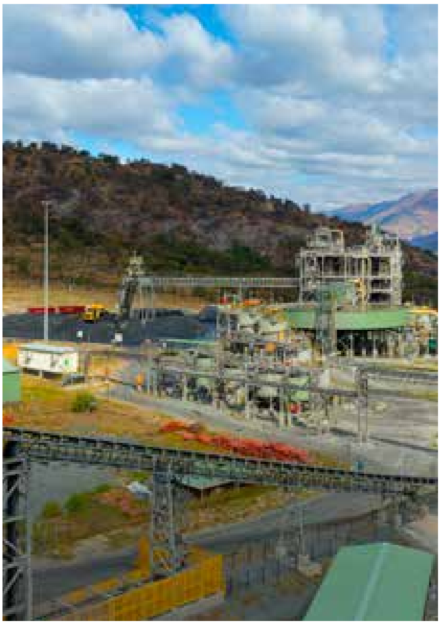
ARM Ferrous headline earnings were 60% higher at R2 955 million (1H F2020: R1 848 million) mainly due to increased US dollar iron ore prices.

ARM Platinum headline earnings increased by R1 532 million to R2 021 million (1H F2020: R489 million) underpinned by higher US dollar prices for platinum group metals (PGMs).

Net cash improved by R1 075 million to R4 812 million at 31 December 2020 (30 June 2020: R3 737 million restated).

Production unit costs at most operations increased above inflation due to operational challenges which were exacerbated by the Covid-19 lockdown and related restrictions.

Strict measures and protocols to prevent the spread of Covid-19 are ongoing at all operations.



OPERATING SAFELY AND SUSTAINABLY

Ensuring the safety and health of employees and supporting communities

The safety, health and well-being of our employees remains a key priority. Risks to this priority persisted in the period under review mainly due to the Covid-19 pandemic and a second wave of infections across South Africa.

Measures and protocols to prevent the spread of Covid-19 and to protect employees and contractors are continuing at all operations and the corporate offices. These include:

- Daily screening of all employees prior to commencing work and testing where required.
- Where positive cases are confirmed, contact tracing and case management is carried out in accordance with the guidelines issued by the National Department of Health (NDoH). Isolation facilities are provided for affected employees if required.
- Compulsory wearing of face masks.
- Social distancing.
- Regular use of hand wash basins and sanitising stations.
- Regular disinfection of high-risk areas.
- Education campaigns on prevention of the spread of Covid-19 at the operations, the corporate offices and in host communities.
- Implementation of the protocols of the National Institute of Communicable Diseases (NICD) of the NDoH at mine clinics.

As at 15 January 2021, a total of 82 703 Covid-19 health screenings had been conducted across our operations, resulting in 4 209 tests of which 1 201 were positive cases. The recovery rate across the operations is between 96% and 98% and is consistent with the South African mining industry recovery rate.

Regrettably, five of our colleagues succumbed to Covid-19 in 1H F2021. We extend our deepest condolences to the family, friends and colleagues of the employees who lost their lives to Covid-19. This brings the number of colleagues we have lost to Covid-19 to 17 since the onset of the pandemic.

Our operations continued to support employees and host communities to protect lives and livelihoods and are currently engaged in a collaborative initiative facilitated by the Minerals Council South Africa to support the South African Government with the roll out of Covid-19 vaccines. The ARM operations have commenced with the following preparations in this regard:

- Engagement with trade unions to get their buy-in.
- Education and awareness to employees with factual information as per the NDoH vaccination booklet.
- Preparation and reviews of all vaccination procedures.
- Preparation of vaccine storage facilities with required cold chain processes.
- Assessing community impact.

Safety performance

Regrettably, two colleagues were fatally injured in separate accidents at Modikwa Mine during the period under review.

On 13 September 2020, Mr Dennis Hlengani Mdaka, a rock drill operator at Modikwa Mine, was fatally injured when he entered an unventilated development end at South 2 Shaft.

On 7 October 2020, Mr Johannes Mahlalela, a team leader at Modikwa Mine, sustained an injury to his right arm during a shift. Mr Mahlalela was stable post an operation, however, he passed away in hospital on 11 October 2020 following medical complications.

We extend our sincere condolences to the families of Mr Mdaka and Mr Mahlalela and to their colleagues and friends.

Remedial actions as agreed with the Department of Minerals Resources and Energy (DMRE), were implemented at Modikwa Mine following the two incidents. Initiatives are ongoing at all operations to ensure that safety training continues and that safety standards are strictly upheld.

The group lost-time injury frequency rate (LTIFR) per 200 000 man-hours improved to 0.40 (1H F2020: 0.48). There were 40 lost-time injuries (LTIs) reported in 1H F2021 compared to 52 in the corresponding period (1H F2020). Of these, 24 were reportable injuries (1H F2020: 41).

Tailings storage facilities and governance

As part of our commitment to ensuring the stability of our tailings storage facilities (tailings facilities), a professional engineer was appointed at each operation to perform annual structural stability audits and quarterly monitoring of the safety and stability of each tailings facility. The latest structural stability reports confirm that the tailings facilities at ARM-managed operations are stable.

The ARM tailings facilities management standard, which is aligned with appropriate good practice standards nationally and internationally (including the Global Industry Standard on Tailings Management (GISTM) as launched on 5 August 2020), was drafted and is in the process of being tested in workshops at the mines.

A tailings specialist is currently conducting benchmarking exercises for ARM, to assist in proposing an appointment and accountability structure which will be functional and appropriate in terms of the requirements of both the Mine Health and Safety Act (MHSA) and the GISTM.

The GISTM requires materially higher factors of safety (both from a drained and undrained tailings perspective), maximum flood design criteria and seismic event criteria to be applied to designs of tailings facilities.

Specialists in tailings facility design are being consulted to assist ARM operations in interpreting the requirements of the GISTM into a scope of work for Engineer of Records (EOR) to action this element at each operation.

During December 2020, the International Council on Mining and Metals (ICMM) published a guidance document on the implementation of the GISTM. Workshops will be held with our operations to assist with the implementation of the guidance document.

ARM is committed to completing dam breach analyses of our tailings facilities to ensure a comprehensive understanding of the potential impact of a dam breach on infrastructure, stakeholders (including communities) and the environment. These studies and reports have been slightly delayed as a result of the Covid-19 pandemic, however, draft reports have been received and are in the process of being finalised. These reports will inform enhanced emergency response planning.

FINANCIAL PERFORMANCE

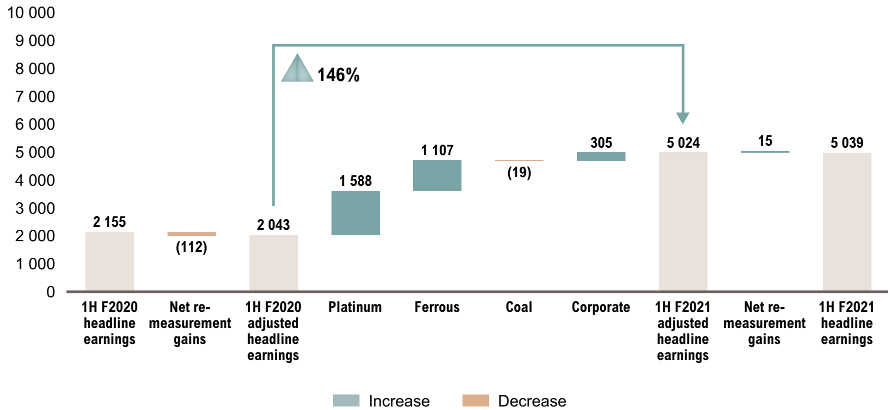
Despite Covid-19-related global economic challenges and uncertainty, ARM is pleased to report record headline earnings of R5 039 million (or R25.87 per share) for 1H F2021. The 134% increase in headline earnings compared to the corresponding six months ended 31 December 2019 (1H F2020) was underpinned by higher US dollar iron ore and PGM prices, coupled with increased export iron ore and manganese ore sales volumes. Our operations navigated these turbulent times well, responding in an agile and responsible manner.

We declared an interim dividend of R10.00 per share for 1H F2021 (1H F2020: R5.00 per share) and improved our financial position which affords ARM flexibility to opportunistically pursue value-enhancing growth prospects.

The 11% weakening of the rand against the US dollar also contributed positively to headline earnings as the average realised rand versus US dollar exchange rate weakened from R14.69/US$ in 1H F2020 to R16.26/US$ in 1H F2021. For reporting purposes, the closing exchange rate was R14.65/US$ (31 December 2019: R14.00/US$).

The 1H F2021 headline earnings include re-measurement gains on the partner loans of R15 million (1H F2020: R112 million).

Headline earnings analysis (R million)



* *Adjusted headline earnings exclude re-measurement gains and losses as summarised on the table on slide 36 of the 1H F2021 results presentation. The adjusted headline earnings are included for illustrative purposes and are the responsibility of the board. They should be considered in addition to, and not as a substitute for, or superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.*

Headline earnings/(loss) by operation/division

R million	1H F2021	1H F2020	% change
ARM Ferrous	**2 955**	1 848	60
Iron ore division	**2 835**	1 426	99
Manganese division	**137**	441	(69)
Consolidation adjustment	**(17)**	(19)	11
ARM Platinum	**2 021**	489	>200
Two Rivers Mine	**1 279**	357	>200
Modikwa Mine	**462**	343	35
Nkomati Mine	**280**	(211)	>200
ARM Coal	**(222)**	(101)	(120)
Goedgevonden Mine	**(135)**	(115)	(17)
PCB operations*	**(87)**	14	
ARM Corporate and other	**285**	(81)	>200
Corporate and other	**345**	(8)	>200
Machadodorp Works	**(60)**	(73)	18
Headline earnings	**5 039**	2 155	134

* *Participative Coal Business.*

ARM Ferrous headline earnings were 60% higher at R2 955 million (1H F2020: R1 848 million) driven by a 99% increase in headline earnings in the iron ore division. This was partially offset by a 69% decrease in headline earnings in the manganese division.

Headline earnings in the iron ore division were positively impacted by an increase in the average US dollar iron ore prices, higher export sales volumes and a weaker average exchange rate, which were partially offset by a 16% increase in unit cost of sales. The ARM Ferrous headline earnings include an attributable R919 million positive unrealised fair value adjustment to revenue related to open iron ore sales which are expected to be realised at higher prices compared to the initial prices recorded.

Lower headline earnings in the manganese division were driven by a decrease in the average realised US dollar manganese ore and alloy prices as global manganese markets remained under pressure. Headline earnings for the manganese ore operations were R429 million (1H F2020: R960 million) while the manganese alloys operations (including Sakura) reported an attributable headline loss of R155 million for the period (1H F2020: R80 million).

ARM Platinum attributable headline earnings increased by R1 532 million to R2 021 million (1H F2020: R489 million). The Two Rivers and Modikwa mines benefited from a 35% and 162% increase in average realised US dollar palladium and rhodium prices, respectively. Rhodium comprised 45% and 47% of Modikwa and Two Rivers basket prices respectively.

Two Rivers Mine production volumes increased by 9% while production unit costs on a rand per 6E ounce basis were 6% lower. Modikwa Mine, on the other hand, reported a 29% decrease in production volumes owing to safety-related stoppages following the two fatal accidents (discussed on page 2) as well as 12 days of industrial action. Commensurate with the lower production volumes, production unit costs at Modikwa Mine were 39% higher. The mine is ramping up volumes as more production stopes are being opened and is expected to return to normalised production rates in 2H F2021. Production unit costs are expected to improve as the mine ramps up production. The ARM Mining Consortium headline earnings includes a re-measurement loss of R107 million on partner loans (1H F2020: R51 million).

Nkomati Mine reported attributable headline earnings of R280 million for the period under review (1H F2020: R211 million headline loss). Production volumes are scaling down to place the open-pit mine on care and maintenance in preparation for closure. Production is expected to cease in March 2021 (previously September 2020).

ARM Coal reported an attributable headline loss of R222 million (1H F2020: R101 million) which includes a re-measurement gain of R2 million (1H F2020: R104 million re-measurement gain) on partner loans. The headline loss was mainly as a result of the sharp decline in export thermal coal prices, lower sales volumes (due to reduced Eskom offtake and logistics and mining challenges) and above-inflation production unit cost increases.

ARM Corporate and other headline earnings were R345 million compared to an R8 million headline loss in 1H F2020. The higher headline earnings were mainly due to increased re-measurement gains of R120 million in the current period (1H F2020: R59 million) and higher management fees received which increased to R779 million (1H F2020: R351 million). The **Machadodorp Works** headline loss was R60 million as research into the development of energy-efficient smelting technology progressed.

Basic earnings and impairments

Basic earnings were R4 868 million (1H F2020: R2 132 million) and include an impairment of the Sakura Ferroalloys investment recognised on Assmang's equity-accounted investment of R337 million. ARM's attributable share of the impairment loss amounted to R169 million after tax.

This impairment was largely due to:

- A decline in forecast long-term manganese alloys prices.
- Lower sales volumes at Sakura Ferroalloys compared to the prior year forecast.

In terms of International Financial Reporting Standards, a discounted cash flow valuation was performed to determine the fair value less cost of disposal of the investment. The recoverable amount of Assmang's investment in Sakura Ferroalloys amounted to R401 million at 31 December 2020 (ARM attributable portion: R200 million).

Refer to note 4 and 13 of the financial statements for further details on Sakura Ferroalloys impairment.

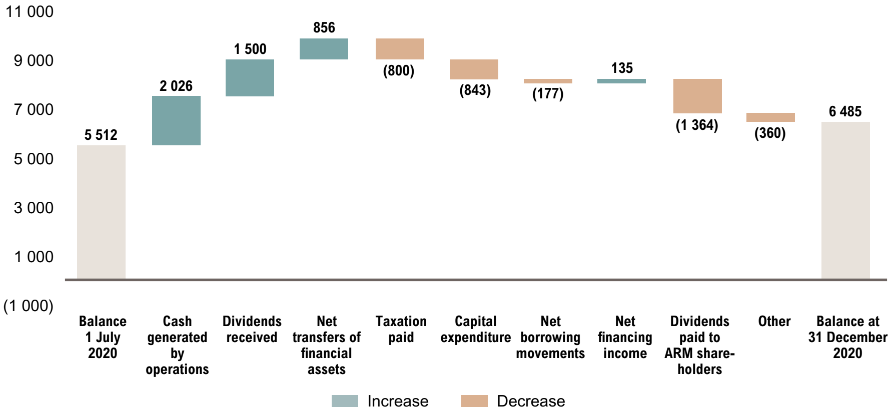
Financial position

At 31 December 2020, ARM was in a net cash position of R4 812 million (30 June 2020: R3 737 million restated), an improvement of R1 075 million compared to the net cash at the end of the 2020 financial year. This amount excludes attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R3 338 million (30 June 2020: R3 208 million and 30 December 2019: R3 107 million). There was no debt at ARM Ferrous in any of these reporting periods.

There was a R20 million negative mark-to-market movement on the Harmony investment following the decrease in Harmony's share price from R71.86 per share at 30 June 2020 to R71.60 at 31 December 2020.

Cash flow

Analysis of movements in net cash and cash equivalents (R million)



Cash generated from operations increased by R1 105 million to R2 026 million (1H F2020: R921 million) despite a R3 587 million outflow in working capital requirements (1H F2020: R1 280 million) which was mainly due to an increase in debtors at the PGM operations and ARM Corporate, commensurate with increased sales revenue.

The dividends received from Two Rivers and Assmang amounted to R432 million and R1 500 million, respectively (1H F2020: R90 million from Two Rivers and R2 000 million from Assmang).

In 1H F2021, R1 364 million in dividends was paid to ARM shareholders (representing the final dividend of R7.00 per share declared for F2020 (1H F2020: R1 741 million representing the R9.00 final dividend declared for F2019).

Net cash inflow from investing activities was R13 million (1H F2020: R492 million outflow) and includes net proceeds from financial assets matured of R856 million.

Borrowings of R177 million (1H F2020: R147 million) were repaid during the period, resulting in gross debt of R2 003 million as at 31 December 2020 (30 June 2020: R1 978 million restated). Modikwa Mine repaid R686 million of its partner loans.

Capital expenditure

Segmental capital expenditure was R1 877 million (1H F2020: R1 573 million) and included R271 million of capitalised waste stripping at the iron ore operations (1H F2020: R215 million). Capital expenditure by division is shown below and is discussed in detail in each division's operational performance review.

Capital expenditure by operation/division (attributable basis)

R million	1H F2021	1H F2020
ARM Ferrous	**957**	982
Iron ore division	**481**	432
Manganese division	**519**	594
Consolidation adjustment	**(43)**	(44)
ARM Platinum	**724**	451
Two Rivers Mine	**552**	292
Modikwa Mine	**172**	159
Nkomati Mine	**–**	–
ARM Coal	**195**	139
Goedgevonden Mine	**195**	139
ARM Corporate	**1**	1
Total	**1 877**	1 573

These results have been achieved in conjunction with ARM's partners at the various operations: Anglo American Platinum Limited (Amplats), Assore Limited, Impala Platinum Holdings Limited (Implats), Norilsk Nickel Africa Proprietary Ltd and Glencore Operations South Africa Proprietary Ltd (GOSA).

The interim results for the six months ended 31 December 2020 have been prepared in accordance with IFRS and disclosures are in line with IAS 34 – Interim Financial Reporting.

Rounding may result in minor computational discrepancies in tables.

Update on ARM coal receivable

ARM Coal in prior periods recorded an amount payable by Glencore Operations South Africa (GOSA) to ARM Coal of R452 million (ARM's attributable portion: R230 million) as a long-term receivable (receivable).

At the date of ARM's previous report (which was for the financial year ended 30 June 2020), GOSA had not agreed to the outstanding balance of the receivable and ARM Coal was unable at that time to provide sufficient evidence to validate this receivable in its accounting records. Details of this and the resulting qualification were included in the audited annual financial statements for the financial year ended 30 June 2020, which can be found on **www.arm.co.za**.

ARM has since completed an investigation and the entries which gave rise to the long-term receivable have been identified and agreed between ARM Coal, GGV Mine and GOSA.

The results of the investigation concluded that all the items included in the ARM Coal long-term receivable were confirmed to be valid receivables, however R283 million should have been classified as trade and other receivables and R53 million should have been included in the long-term borrowings rather than being accounted for as long-term receivables in the statement of financial position.

Management has accounted for the above as a prior period error in terms of IAS 8. The error was corrected by restating each of the affected line items in the statement of financial position and therefore had no impact on the statement of profit or loss, the statement of comprehensive income and the statement of cash flows. Refer to note 5 to the financial statements for further details.

OPERATIONAL PERFORMANCE

Our various stakeholders have benefited from our improved profitability and we continued to strengthen our social licence to operate by supporting our employees and host communities through these difficult times.

Unit costs came under immense pressure across operations owing to pressure on volumes and Covid-19-related measures and lockdown restrictions. As a result, above inflation unit cost increases were experienced at most of our operations.

ARM Ferrous

Iron ore operations

Prices

Average realised US dollar export iron ore prices were 47% higher on a free on board (FOB) equivalent basis at US$125 per tonne (1H F2020: US$85 per tonne) driven by robust steel production in China coupled with global iron ore supply shortages. Higher global coking coal prices also drove a recovery in iron ore lump premiums during 1H F2021. The operations were opportunistic in response to the recovery in lump premium prices increasing the ratio of lump to fines sales volumes from 56:44 in 1H F2020 to 59:41 in 1H F2021.

Volumes

Total iron ore sales volumes increased by 6% to 8.2 million tonnes (1H F2020: 7.8 million tonnes). Export sales volumes were 8% higher at 6.7 million tonnes (1H F2020: 6.2 million tonnes) while local sales volumes were at a similar level as 1H F2020 at 1.5 million tonnes.

Iron ore production was 20% lower at 7.5 million tonnes (1H F2020: 9.3 million tonnes) due to full product stockpiles in mid-2020 as a result of Covid-19-related rail restrictions from April to June 2020, coupled with abnormal rainfall in November to December 2020 which affected mining and plant operations.

Unit costs

On-mine production unit costs for the division increased by 17% mainly due to lower production levels as discussed above. On-mine production unit costs at Khumani Mine increased from R253 per tonne in 1H F2020 to R297 per tonne in 1H F2021 while on-mine production unit costs at Beeshoek Mine increased from R227 per tonne to R265 per tonne in the same period.

Unit cost of sales for the division were 16% higher following the increase in on-mine production unit costs together with higher sales and marketing costs. Sales and marketing costs are determined based on average realised iron ore prices and were higher due to the increase in realised iron ore prices as discussed above.

Logistics

The performance of Transnet Freight Rail (TFR) and Transnet Port Terminal (TPT) exceeded expectations for the period under review assisted by high stockpile levels at 30 June 2020 and collaboration between Transnet and the industry in dealing with Covid-19-related challenges.

Capital expenditure

Capital expenditure for the iron ore division was R962 million on a 100% basis (1H F2020: R863 million). The increase in capital expenditure was mainly due to higher capitalised waste stripping costs of R542 million (1H F2020: R431 million).

Iron ore operational statistics (100% basis)

	unit	1H F2021	1H F2020	% change
Prices				
Average realised export price*	US$/t	**125**	85	47
Volumes				
Export sales	000t	**6 713**	6 189	8
Local sales	000t	**1 533**	1 561	(2)
Total sales	000t	**8 246**	7 750	6
Production	000t	**7 464**	9 345	(20)
Export sales lump/fines split	%	**59:41**	56:44	
Export sales CIF/FOB** split	%	**55:45**	49:51	
Unit costs				
Change in on-mine production unit costs	%	**17**	15	
Change in unit cost of sales	%	**16**	15	
Capital expenditure		**962**	863	11

* *Average realised export iron ore prices on an FOB equivalent basis.*
** *CIF refers to cost, insurance and freight while FOB refers to free on board.*

Manganese ore operations
Financial information

R million	1H F2021	1H F2020
Sales	**4 953**	5 088
Operating profit	**535**	1 421
Contribution to headline earnings	**429**	960
Capital expenditure	**1 008**	1 173
Depreciation	**347**	304
EBITDA	**881**	1 725

Prices
After a brief spike in manganese ore prices during the latter part of F2020, prices declined steeply and remained under pressure for 1H F2021. When South African production restarted after the Covid-19 lockdown, manganese ore prices came under pressure touching lows of US$4.05/mtu for 44% manganese ore in November 2020.

Volumes
Manganese ore sales volumes increased by 4% to 1.9 million tonnes (1H F2020: 1.8 million tonnes). Export sales volumes were 4% higher at 1.8 million tonnes (1H F2020: 1.7 million tonnes) while local sales volumes were 65 000 tonnes (1H F2020: 53 000 tonnes).

Production volumes at Black Rock Mine were 2% lower at 2.0 million tonnes, impacted by Covid-19-related absenteeism, delays with the commissioning of the Black Rock and Gloria projects and challenges with labour shortages and poor equipment availability.

Unit costs
Black Rock Mine's on-mine production unit costs increased by 18% to R698 per tonne (1H F2020: R591 per tonne). The increase in on-mine production unit costs was mainly due to the decrease in production volumes, above inflation increases in labour, electricity and insurance costs, together with increased costs associated with Covid-19 precautionary and compliance measures. Labour cost increases were driven by a higher head count arising from additional shifts worked, increased long-term incentive expenses for A to C Bands as well as higher costs associated with Covid-19 absenteeism which resulted in 3 321 person days lost. Production unit cost improvements expected from the Black Rock and Gloria projects were not realised due to delays in the commissioning of certain Black Rock Project and Gloria project systems.

Logistics (manganese ore export)
As noted, Transnet Freight Rail and Transnet Port Terminal operations exceeded the expectations for the six months. Rail and port capacities have been secured through the ports of Port Elizabeth and Saldanha in line with the ramp-up of Black Rock Mine until 2023. We continue to engage with Transnet on rail allocation beyond the current contractual period.

Capital expenditure
Capital expenditure for the manganese ore operations on a 100% basis was R1 008 million (1H F2020: R1 188 million) of which R504 million (1H F2020: R401 million) related to the modernisation and optimisation of Gloria Mine within Black Rock Mine as approved in F2018. R270 million (1H F2020: R335 million) related to the Black Rock Project.

The Black Rock and Gloria projects have been delayed by six months due to Covid-19 lockdown measures which resulted in a slow return to site. The Gloria Project is now estimated to be completed in May 2022 compared to the original plan of November 2021. As a result, we expect a R200 million budget overrun on the originally approved budget, bringing the total project expenditure to R2.9 billion. The Black Rock Project is now expected to be completed in July 2022 with over expenditure of R0.3 billion raising the total expenditure to R7.2 billion.

The Black Rock and Gloria projects aim to modernise and expand the mine by increasing volumes and flexibility to produce different products and improve efficiencies. Ramp-up of the Black Rock Mine is being closely synchronised with Transnet's rail availability and export capacity expansion is being considered.

At 31 December 2020, R2.0 billion had been spent on the Gloria Project which is 69% complete and R6.7 billion had been spent on the Black Rock Project which is 93% complete.

Manganese ore operational statistics (100% basis)

	unit	1H F2021	1H F2020	% change
Volumes				
Export sales	000t	**1 796**	1 729	4
Domestic sales*	000t	**65**	53	23
Total sales	000t	**1 861**	1 782	4
Production	000t	**1 997**	2 034	(2)
Unit costs				
Change in on-mine production unit costs	%	**18**	(3)	
Change in unit cost of sales	%	**9**	4	
Capital expenditure	R million	**1 008**	1 173	(14)

* *Excluding intra-group sales of 85 000 tonnes sold to Cato Ridge Works (1H F2020: 127 000 tonnes).*

Manganese alloys operations
Financial information

R million	1H F2021	1H F2020
Sales	**982**	1 133
Operating profit	**22**	84
Contribution to headline earnings	**(155)**	(80)
Capital expenditure	**30**	15
Depreciation	**28**	24
EBITDA	**51**	108

Prices
Average realised prices for high carbon manganese alloy and medium carbon manganese alloy at Cato Ridge Works decreased by 12% to US$937 per tonne (1H F2020: US$1 063 per tonne) and by 11% to US$1 364 per tonne (1H F2020: US$1 530 per tonne), respectively.

Volumes
Due to lower demand in the global seaborne market, high carbon manganese alloy production at Cato Ridge Works was reduced by 14% to 67 000 tonnes (1H F2020: 78 000 tonnes). Medium carbon manganese alloy production at Cato Ridge Alloys was 18% lower at 28 000 tonnes (1H F2020: 34 000 tonnes).

High carbon manganese alloy export sales at Cato Ridge Works decreased by 3% to 37 000 tonnes (1H F2020: 38 000 tonnes) while medium carbon manganese alloy sales at Cato Ridge Alloys rose 30% to 30 000 tonnes (1H F2020: 23 000 tonnes).

High carbon manganese alloy production at Sakura (100% basis) decreased to 106 000 tonnes (1H F2020: 128 000 tonnes) mainly due to an unplanned shut down resulting from critically low stock levels of manganese ore which could not be exported from South Africa as a result of the Covid-19 lockdown. High carbon manganese alloy sales at Sakura decreased by 6% to 103 000 tonnes (1H F2020: 110 000 tonnes).

Unit costs
High carbon manganese alloy production unit costs at Cato Ridge Works were 12% higher at R12 764 per tonne (1H F2020: R11 402 per tonne) as a result of lower production volumes.

Medium carbon manganese alloy production unit costs at Cato Ridge Alloys were in line with the prior period at R18 324 per tonne (1H F2020: R18 265 per tonne).

High carbon manganese alloy production unit costs at Sakura decreased 1% to MYR3 792 per tonne (1H F2020: MYR3 841 per tonne). This was mainly driven by lower manganese ore prices and successful implementation of cost saving initiatives.

Capital expenditure
Capital expenditure for Cato Ridge Works increased by 138% to R30 million (1H F2020: R15 million) mainly due to the rebuild of Furnace 5.

Manganese alloy operational statistics (100% basis)

	unit	1H F2021	1H F2020	% change
Volumes				
Cato Ridge Works sales*	000t	**37**	38	(3)
Cato Ridge Alloys sales	000t	**30**	23	30
Sakura sales	000t	**103**	110	(6)
Cato Ridge Works production	000t	**67**	77	(13)
Cato Ridge Alloys production	000t	**28**	34	(18)
Sakura production	000t	**106**	128	(17)
Unit costs – Cato Ridge Works				
Change in on-mine production unit costs	%	**12**	(3)	
Change in unit cost of sales	%	**13**	5	
Unit costs – Cato Ridge Alloys				
Change in on-mine production unit costs	%	**–**	(6)	
Change in unit cost of sales	%	**(2)**	3	
Unit costs – Sakura				
Change in on-mine production unit costs	%	**(1)**	(18)	
Change in unit cost of sales	%	**8**	(13)	

* *Excluding intra-group sales of 33 000 tonnes sold to Cato Ridge Alloys (1H F2020: 40 000 tonnes).*

The ARM Ferrous operations, held through its 50% investment in Assmang Proprietary Limited (Assmang), comprise the iron ore and manganese divisions. Assore Limited, ARM's partner in Assmang, owns the remaining 50%.

ARM Platinum

Prices

Higher US dollar metal prices, particularly palladium (35%) and rhodium (162%), contributed significantly to Modikwa and Two Rivers Mines' improved 1H F2021 results. Coupled with the weaker rand/US dollar exchange rate, the average rand per 6E kilogram basket price for Modikwa and Two Rivers rose by 78% and 76% to R1 215 364 per kilogram (1H F2020: R682 945 per kilogram) and R1 120 965 per kilogram (1H F2020: R638 305 per kilogram), respectively.

The average realised rand nickel price realised at Nkomati Mine was marginally higher while the rand chrome price was 3% lower.

Average US dollar metal prices

	unit	1H F2021	1H F2020	% change
Platinum	US$/oz	**921**	895	3
Palladium	US$/oz	**2 258**	1 666	36
Rhodium	US$/oz	**12 358**	4 710	162
Nickel	US$/t	**14 436**	15 317	(6)
Copper	US$/t	**6 516**	5 805	12
Cobalt	US$/lb	**15**	16	(6)
UG2 chrome concentrate – Two Rivers (CIF*)	US$/t	**129**	137	(6)
High-sulphur chrome concentrate – Nkomati (FOT*)	US$/t	**44**	51	(14)

* *CIF refers to cost, insurance and freight while FOT refers to free on truck.*

Average rand metal prices

	unit	1H F2021	1H F2020	% change
Average exchange rate	R/US$	**16.26**	14.69	11
Platinum	R/oz	**14 983**	13 142	14
Palladium	R/oz	**36 715**	24 480	50
Rhodium	R/oz	**200 943**	69 196	190
Nickel	R/t	**234 730**	225 014	4
Copper	R/t	**105 948**	85 273	24
Cobalt	R/lb	**246**	229	7
UG2 chrome concentrate – Two Rivers (CIF*)	R/t	**2 103**	2 012	5
High-sulphur chrome concentrate – Nkomati (FOT*)	R/t	**719**	743	(3)

* *CIF refers to cost, insurance and freight while FOT refers to free on truck.*

Two Rivers Mine

Headline earnings at Two Rivers more than trebled to R1 279 million (1H F2020: R357 million) mainly due to a 76% increase in the rand PGM basket price.

Chrome concentrate sales volumes increased by 28% to 123 554 tonnes as a result of higher chrome yield. This, combined with a 5% improvement in the rand chrome price, resulted in the chrome cash operating profit improving 37% to R67 million (1H F2020: R49 million).

Volumes

PGM production volumes increased by 9% after flotation challenges experienced in July 2019 were resolved. PGM volumes, therefore, increased from 138 199 6E PGM ounces in 1H F2020 to 150 304 6E PGM ounces in 1H F2021.

The Two Rivers Mine grade remains a constraint as various mining cuts are taken in the multi-split reef areas to optimise grade as far as possible. Accelerated sinking is progressing well, with the completion of level 12 in Main Shaft. PGM grades from North Shaft have improved slightly with priority given to processing this ore at the concentrator plant.

Unit costs

Two Rivers Mine achieved a below inflation production unit cost increase of 4% to R877 per tonne milled (1H F2020: R847 per tonne). The rand per 6E PGM ounce cost decreased by 6% to R9 518/oz (1H F2020: R10 083/oz), primarily due to higher PGM production volumes.

Capital expenditure

Of the R552 million capital spent at Two Rivers Mine, 17% was for mining fleet replacement and refurbishment. Deepening Main and North Shafts along with electrical and mechanical installations comprised 24% of total capital expenditure. The remaining capital spend was for the plant expansion and tailings storage facility.

The plant expansion project, which will add 40 000 tonnes per month milling capacity, was approved in December 2019. After the contractor placed orders for certain long-lead items, site mobilisation began in July 2020 although Covid-19 restrictions have delayed the forecast project completion date by three months to December 2022. The additional mill is now expected to be commissioned in the second quarter of F2022 with full ramp up to 360 000 ounces 6E PGMs per annum now expected to be achieved in the third quarter of F2022.

Construction of the new tailings storage facility was suspended due to Covid-19 lockdown regulations. Construction resumed in May 2020 as Covid-19 lockdown restrictions were eased. We expect the project to be finalised in the first quarter of F2022. Delay in the commissioning of the new tailings storage facility is not expected to affect operations.

Projects

The ARM board of directors has approved the Two Rivers Merensky Project which involves mining of the Merensky reef at Two Rivers Mine. Total capital expenditure for the project is expected to be approximately R5.7 billion (100% basis) to be spent over three years. Construction is planned to commence in July 2021 with plant commissioning expected in second quarter 2023.

Studies indicate that over the life of mine, 52 million tonnes at an average milled feed grade of 2.9g per tonne (on a 6E ounce basis) will be mined and processed. Annual steady state production of 182 000 6E PGM ounces, 1 600 tonnes nickel, and 1 300 tonnes of copper is expected once the project is fully ramped up. With this project, Two Rivers Mine is forecast to be positioned in the bottom half of the industry cash cost curve.

An update will be provided once commercial features and governance processes for approval of the project are finalised.

Two Rivers Mine operational statistics (100% basis)

	unit	**1H F2021**	1H F2020	% change
Cash operating profit	R million	**3 875**	1 241	212
– PGMs	R million	**3 808**	1 192	219
– Chrome	R million	**67**	49	37
Tonnes milled	Mt	**1.63**	1.65	(1)
Head grade	g/t, 6E	**3.37**	3.45	(2)
PGMs in concentrate	Ounces, 6E	**150 304**	138 199	9
Chrome in concentrate sold	Tonnes	**123 554**	96 857	28
Average basket price	R/kg, 6E	**1 120 965**	638 305	76
Average basket price	US$/oz, 6E	**2 144**	1 351	59
Cash operating margin	%	**70**	44	
Cash cost	R/kg, 6E	**306 018**	324 190	(6)
Cash cost	R/tonne	**877**	847	4
Cash cost	R/Pt oz	**20 422**	21 369	(4)
Cash cost	R/oz, 6E	**9 518**	10 083	(6)
Cash cost	US$/oz, 6E	**585**	686	(15)

Modikwa Mine

Modikwa reported headline earnings of R462 million (1H F2020: R343 million). The temporarily improved purchase-of-concentrate agreement expired on 31 December 2019. The impact thereof on headline earnings was more than offset by the rise in the rand basket price.

Volumes

Tonnes milled declined by 24% which, combined with a 5% decrease in head grade, reduced production volumes by 29% to 111 295 6E PGM ounces (1H F2020: 155 812 6E PGM ounces). Mining volumes were impacted by the Covid-19 lockdown and restrictions with a proportionally larger impact on stoping than on development, given the higher labour intensity on stoping. The resultant lower stoping to development ratio gave rise to a decrease in head grade. More ore milled from historical low grade stockpiles also contributed to reduced head grades.

In addition, Modikwa Mine lost approximately 5 200 6E PGM ounces following two fatal accidents (one each in September and October 2020). An additional estimated 14 800 6E PGM ounces were lost towards the end of 1H F2021 due to unprotected industrial action by National Union of Mineworkers (NUM) affiliated employees following the misrepresentation of housing-related benefits which were overpaid in the fourth quarter of F2020 and incorrectly claiming that the mine owed them monies under the Temporary Employer/Employee Relief Scheme (TERS). All employees returned to work and the matter was resolved.

Unit costs

Production unit costs rose by 39% to R15 590 per 6E PGM ounce (1H F2020: R11 222 per 6E PGM ounce) and were 30% higher on a rand per tonne basis at R1 923 (1H F2020: R1 477). Lower production volumes and additional Covid-19 expenditure impacted production unit costs.

Capital expenditure

Capital expenditure at Modikwa Mine (100% basis) rose by 8% to R343 million (1H F2020: R317 million). Of this, 21% related to fleet refurbishment and critical spares, 40% for construction of the chrome recovery plant, 9% for the North Shaft deepening project and 5% for the South 2 Shaft deepening project.

An update of these projects is as follows:

- North Shaft Project – level 9 decline belt extension and bulkhead infrastructure was completed as previously communicated with development and equipping on track against the revised schedule.
- South 2 Shaft Project – establishing a decline system south of the current South 1 Shaft infrastructure. The first phase to enhance mining flexibility and contribute to the production build-up of the mine is complete and South 2 Shaft is ramping up to steady-state production. South 2 Shaft achieved a run rate of 50 000 ore tonnes per month for 1H F2021, which is below the 55 000 ore tonnes target, mainly due to Covid-19 restrictions. The operation is on course, with the opening of more working areas, to achieve the planned target of 55 000 ore tonnes per month. The mine is ramping up production as more production stopes are being opened and envisaged to be at a normalised production rate in 2H F2021.

The Chrome Recovery Plant (CRP) project was approved for construction in 1H F2020. The project comprises constructing a chrome spiral plant to recover chromitite concentrate from the UG2 concentrator plant tailings stream. Nameplate capacity will be 288 000 tonnes of chromitite concentrate per annum. As a result of Covid-19 labour protocols, the commissioning of the plant is now scheduled for the first quarter of F2022.

Modikwa Mine operational statistics (100% basis)

	unit	1H F2021	1H F2020	% change
Cash operating profit	R million	**2 180**	1 362	60
Tonnes milled	Mt	**0.90**	1.18	(24)
Head grade	g/t 6E	**4.52**	4.77	(5)
PGMs in concentrate	6E oz	**111 295**	155 812	(29)
Average basket price	R/kg 6E	**1 215 364**	682 945	78
Average basket price	US$/oz 6E	**2 325**	1 446	61
Cash operating margin	%	**56**	44	
Cash cost	R/kg 6E	**501 237**	360 811	39
Cash cost	R/tonne	**1 923**	1 477	30
Cash cost	R/Pt oz	**39 690**	28 944	37
Cash cost	R/oz 6E	**15 590**	11 222	39
Cash cost	US$/oz 6E	**959**	764	26

Nkomati Mine

Scaling down of Nkomati Mine is progressing. The halting of production was delayed by lockdown restrictions and mining optimisations which marginally extended the remaining production duration. Production is now expected to cease at the end of March 2021 and not September 2020 as previously planned after which the mine will be placed on care and maintenance in preparation for closure.

Nkomati Mine reported headline earnings of R280 million (1H F2020: R211 million headline loss), primarily due to fewer once-off negative items than in 1H F2020.

Chrome concentrate sales declined by 40% and, combined with a 13% reduction in average realised US dollar chrome prices, resulted in cash operating profit from chrome decreasing to R4 million (1H F2020: R45 million).

Estimated rehabilitation costs

As at 31 December 2020, the estimated undiscounted rehabilitation costs attributable to ARM were determined to be R620 million (30 June 2020: R614 million) excluding VAT. The R6 million increase compared to the amount that was provided for as at 30 June was mainly due to unwinding interest.

At 31 December 2020, R108 million (attributable) cash and financial assets were available to fund rehabilitation obligations for Nkomati Mine. The resulting attributable shortfall of R486 million is expected to be funded firstly from cash generated by the mine during production scale-down, and subsequently by the partners.

Nkomati Mine's estimated rehabilitation costs continue to be reassessed as engineering designs evolve and new information becomes available, as well as when approvals are secured for a revised environmental management plan and water-use licence.

Volumes

Waste mined volumes reduced as part of the ramp-down plan and tonnes milled decreased by 1% to 3.60 million tonnes (1H F2020: 3.65 million tonnes). Nickel production volumes increased by 19% to 6 426 tonnes (1H F2020: 5 386 tonnes). The mine had 10 556 tonnes of nickel concentrate in stock at 31 December 2020 (30 June 2020: 23 264 tonnes).

Unit costs

On-mine production unit costs in 1H F2021 increased by 3% to R386 per tonne (1H F2020: R375 per tonne).

Cash costs net of by-products per nickel pound produced were 64% lower at US$2.38/lb (1H F2020: US$6.65/lb). The improvement was due to reduced mining expenditure, higher sales volumes and increased by-product credits due to improved by-product prices, particularly palladium.

Nkomati Mine operational statistics (100% basis)

	unit	1H F2021	1H F2020	% change
Cash operating profit	R million	**716**	85	>100
– Nickel	R million	**712**	39	>100
– Chrome	R million	**4**	45	(91)
Cash operating margin	%	**30**	5	
Tonnes milled	Mt	**3.60**	3.65	(1)
Head grade	% nickel	**0.26**	0.24	8
On-mine cash cost per tonne milled	R/tonne	**386**	375	3
Cash costs net of by-products*	US$/lb	**2.38**	6.65	(64)
Contained metal				
Nickel	Tonnes	**6 426**	5 386	19
PGMs	Ounces	**52 648**	40 947	29
Copper	Tonnes	**3 480**	2 895	20
Cobalt	Tonnes	**395**	303	30
Chrome concentrate sold	Tonnes	**86 381**	142 926	(40)

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

ARM Coal

Prices

Thermal coal prices remained largely depressed in 1H F2021 after the sharp decline in 2H F2020. This was mainly due to decreased demand owing to the Covid-19 pandemic and related global lockdowns. India and China reduced thermal coal imports considerably on the back of reduced demand and prioritisation of local coal production.

Prices improved towards the end of 1H F2021 with China increasing its demand for non-Australian thermal coal, supported by positive sentiment on a global economic recovery. Demand continued to reduce in European markets on greater coal-to-gas fuel switching, rising renewable energy generation and weaker power demand.

Goedgevonden Mine's average received export US dollar price declined 21% to US$46 per tonne in 1H F2021 (1H F2020: US$58 per tonne) on lower market prices and increased export of low-grade quality (as domestic demand decreased). Participative Coal Business' (PCB) average received export US dollar price decreased 19% from US$57 per tonne in 1H F2020 to US$46 per tonne in 1H F2021.

Around 62% of export volumes at Goedgevonden Mine were high-quality coal, while PCB exports of high-quality coal totalled 63%.

Goedgevonden Mine

Goedgevonden Mine attributable headline earning analysis

R million	**1H F2021**	1H F2020	% change
Cash operating profit	**30**	38	(21)
Amortisation and depreciation	**(102)**	(97)	4
Imputed interest expense*	**(69)**	(74)	(7)
Loan re-measurement (loss)/gain	**(23)**	1	–
Loss before tax	**(164)**	(132)	24
Add: Tax	**29**	17	71
Headline loss attributable to ARM	**(135)**	(115)	17

* *Post restructuring the ARM Coal loans, all interest expense on these loans is imputed.*

Volumes

Increased health and safety measures to prevent the spread of Covid-19 and manage its impacts continued to affect production volumes in the review period for both Goedgevonden and PCB, but to a lesser extent. In addition, production in the period under review was impacted by the new mining contractor's slow ramp-up.

Total sales volumes reduced by 7% as lower offtake of domestic coal by Eskom and underperformance from TFR resulted in full product stockpiles at Goedgevonden Mine.

ARM's attributable saleable production was 0.75 million tonnes in 1H F2021 (1H F2020: 0.83 million tonnes).

Unit costs

On-mine production unit costs per saleable tonne rose by 10% to R503 (1H F2020: R458) largely due to the 9% reduction in saleable production as discussed below.

Goedgevonden Mine operational statistics

	unit	1H F2021	1H F2020	% change
Total production and sales (100% basis)				
Saleable production	Mt	**2.89**	3.19	(9)
Export thermal coal sales	Mt	**2.00**	1.84	8
Domestic thermal coal sales	Mt	**0.96**	1.36	(29)
ARM attributable production and sales				
Saleable production	Mt	**0.75**	0.83	(9)
Export thermal coal sales	Mt	**0.52**	0.48	8
Domestic thermal coal sales	Mt	**0.25**	0.35	(29)
Average received coal price				
Export (FOB*)	US$/t	**45.70**	58.22	(22)
Domestic (FOT**)	R/t	**381.56**	368.14	4
Unit costs				
On-mine saleable cost	R/t	**502.59**	457.69	10
Capital expenditure	R million	**750**	534	40

* *FOB refers to free on board.*
** *FOT refers to free on truck.*

Rounding of figures may result in minor computational discrepancies.

Participative Coal Business (PCB)
PCB attributable headline earnings analysis

R million	1H F2021	1H F2020	% change
Cash operating profit	**198**	193	3
Imputed interest	**(56)**	(62)	10
Amortisation and depreciation	**(285)**	(239)	(19)
Loan re-measurement gain	**25**	103	76
Impairment loss	**–**	(6)	
Loss before tax	**(118)**	(11)	>100
Add: Impairment	**–**	6	
Add: Tax	**31**	19	63
Headline (loss)/earnings attributable to ARM	**(87)**	14	–

Volumes
Domestic sales volumes declined by 43% from 2.96 million tonnes to 1.7 million tonnes due to reduced demand from Eskom. Export sales volumes were 12% higher at 4.15 million tonnes (1H F2020: 3.72 million tonnes).

In addition to Covid-19 restrictions, production at the PCB operations was impacted by TFR's underperformance and reduced offtake from Eskom, resulting in high product stockpiles.

PCB successfully commissioned a second dragline at Tweefontein Mine in the latter part of 1H F2021. This is expected to improve both production and cost management.

ARM's attributable saleable production was 1.24 million tonnes in 1H F2021 compared to 1.29 million tonnes in 1H F2020.

Unit costs
Production unit costs per saleable tonne decreased by 7% from R507 in 1H F2020 to R472 in 1H F2021 mainly as a consequence of lower waste volumes mined.

PCB operational statistics

	unit	1H F2021	1H F2020	% change
Total production sales (100% basis)				
Saleable production	Mt	**6.14**	6.38	(4)
Export thermal coal sales	Mt	**4.15**	3.72	12
Domestic thermal coal sales	Mt	**1.70**	2.96	(43)
ARM attributable production and sales				
Saleable production	Mt	**1.24**	1.29	(4)
Export thermal coal sales	Mt	**0.84**	0.75	12
Domestic thermal coal sales	Mt	**0.34**	0.60	(43)
Average received coal price				
Export (FOB*)	US$/tonne	**46.19**	56.78	(19)
Domestic (FOT**)	R/tonne	**718**	668	7
Unit costs				
On-mine saleable cost	R/tonne	**472**	507	(7)
Capital expenditure	R million	**1 066**	1 193	(11)

* *FOB refers to free on board.*
** *FOT refers to free on truck.*

ARM's economic interest in PCB is 20.2%. PCB consists of two large mining complexes in Mpumalanga. ARM has a 26% effective interest in the Goedgevonden Mine near Ogies in Mpumalanga.

HARMONY

ARM's investment in Harmony was revalued negatively by R20 million in 1H F2021 (1H F2020: R1 453 million increase) as the Harmony share price decreased by 0.4% from R71.86 per share at 30 June 2020 to R71.60 per share at 31 December 2020. The Harmony investment is therefore reflected on the ARM statement of financial position at R5 346 million based on its share price at 31 December 2020 (1H F2020: R3 823 million).

Losses or gains on the Harmony investment are accounted for, net of deferred capital gains tax, through the statement of comprehensive income. Dividends from Harmony are recognised in the ARM statement of profit or loss on the last day of registration following dividend declaration.

Harmony's results for the six months ended 31 December 2020 appear on the Harmony website: www.harmony.co.za.

OUTLOOK

The Covid-19 pandemic continued to have pronounced health, economic and societal impacts across the globe, the effects of which are expected to be evident for years to come.

Following a contraction of 4.3% in 2020, in January 2021, the World Bank revised its forecast global gross domestic product (GDP) growth to 4% in the 2021 calendar year. This forecast assumes the widespread rollout of a Covid-19 vaccine globally.

Encouragingly, many countries have started their vaccine rollouts and are beginning to see reduced Covid-19 infections. Although the outlook for global economic conditions has improved in recent months, threats to global economic recovery remain with the recovery likely to be subdued.

The mining industry has demonstrated immense resilience in the past year and is expected to play a key role in the recovery of the South African economy. It has been vital in providing wide-ranging support to employees, communities and Government during the pandemic and is expected to be an essential part of the country's recovery going forward. A key imperative will be positioning the mining sector as a leader in creating value for all stakeholders, laying a stable foundation for future growth.

Prices for most of the commodities that we produce have been resilient in the past year. While Covid-19 is expected to continue having an impact on businesses globally, prices for these commodities are expected to remain robust in the short to medium term supported by resilient economic activity in China and significant stimulus measures being undertaken by the governments of large economies, including the United States and China. In addition, Covid-19-related and other operational challenges are expected to continue impacting producers keeping commodity supply tight.

Global efforts to reduce carbon emissions are expected to remain a key theme driving commodity markets. In mobility, tightening emissions standards particularly in China and Europe are expected to be positive for PGM demand, while disruptive technologies in clean mobility such as electric vehicles are expected to gain greater momentum posing a threat to PGM demand. We believe that the medium to long-term fundamentals of PGMs are robust as supply remains constrained and demand is expected to be supported by the role of PGMs in clean mobility through hydrogen technology.

The outlook for thermal coal remains of concern as improving prices for competing energy sources and increasing demand for clean energy becomes more pressing.

Higher commodity prices have resulted in increased earnings and further improved our net cash position which allows us to continue investing in our existing businesses and opportunistically pursue value-enhancing growth opportunities.

During these turbulent times our response is to continue prioritising the health, safety and well-being of our employees to ensure the long-term sustainability of our business.

We remain committed to mutually beneficial relationships with all of our stakeholders to ensure that we build a resilient and sustainable business that delivers competitive returns for shareholders.

DIVIDENDS

Dividends are at the discretion of the board of directors which considers the company's capital allocation guiding principles as well as other relevant factors such as financial performance, commodities outlook, investment opportunities, gearing levels as well as solvency and liquidity requirements of the Companies Act.

For 1H F2021, the board approved and declared an interim dividend of 1 000 cents per share (gross) (1H F2020: 500 cents per share). The amount to be paid is approximately R2 244 million.

The dividend declared will be subject to dividend withholding tax. In line 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 20%.
- The gross local dividend is 1 000 cents per ordinary share for shareholders exempt from dividends tax.
- The net local dividend is 800 cents per share for shareholders liable to pay dividends tax.
- At the date of this declaration, ARM has 224 409 073 ordinary shares in issue.
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 1 000 cents per ordinary share, being the dividend for the six months ended 31 December 2020, has been declared payable on Monday, 29 March 2021 to those shareholders recorded in the books of the company at the close of business on Friday, 26 March 2021. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction applying to this dividend must be received by the company's transfer secretaries or registrar not later than Wednesday, 24 March 2021. The last day to trade ordinary shares cum dividend is Tuesday, 23 March 2021. Ordinary shares trade ex-dividend from Wednesday, 24 March 2021. The record date is Friday, 26 March 2021 while the payment date is Monday, 29 March 2021.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 24 March 2021 and Friday, 26 March 2021, both dates inclusive, nor may any transfers between registers take place during this period.

CHANGES TO MINERAL RESOURCES AND MINERAL RESERVES

There has been no material change to ARM's Mineral Resources and Mineral Reserves as disclosed in the integrated annual report for the financial year ended 30 June 2020, other than depletion due to continued mining activities at the operations. An updated Mineral Resources and Mineral Reserves Statement will be issued in our F2021 integrated annual report.

CHANGES TO BOARD OF DIRECTORS (BOARD)

As previously announced on the JSE Stock Exchange News Service (SENS), the following changes to the board took place in the period under review:

- Ms Abigail Mukhuba resigned as the Finance Director effective from 30 September 2020.
- Ms Tsundzukani Mhlanga was appointed as the Finance Director with effect from 1 October 2020.
- Dr Manana Bakane-Tuoane, an independent non-executive director of ARM, stepped down from the board with effect from 29 September 2020.
- Ms Pitsi Mnisi was appointed as an independent non-executive director of ARM with effect from 30 September 2020.

REVIEW BY INDEPENDENT AUDITOR

The financial results for the six months ended 31 December 2020 have been reviewed by the company's registered auditor, Ernst & Young Inc. (the partner in charge is PD Grobbelaar CA(SA)), who expressed an unmodified conclusion thereon. The full review report can be found on page 20 and on the ARM website **www.arm.co.za**.

Signed on behalf of the board:

PT Motsepe	**MP Schmidt**
Executive Chairman	*Chief Executive Officer*

Johannesburg
3 March 2021

Independent auditor's review report on condensed group interim financial statements

TO THE SHAREHOLDERS OF AFRICAN RAINBOW MINERALS LIMITED

We have reviewed the condensed group interim financial statements (interim financial statements) of African Rainbow Minerals Limited, contained in the accompanying interim results for the six months ended 31 December 2020 on pages 22 to 53, which comprise the condensed group statement of financial position as at 31 December 2020 and the condensed group statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed group interim financial statements of African Rainbow Minerals Limited for the six months ended 31 December 2020 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

EMPHASIS OF MATTER – CORRECTION OF PRIOR PERIOD ERROR

We draw attention to note 5 of the condensed group interim financial statements, which details the correction of a prior period error based upon the investigation into the ARM Coal long-term receivable from Glencore Operations South Africa (Pty) Ltd. Our conclusion is not modified in respect of this matter.

OTHER MATTER – PRIOR PERIODS UNAUDITED/ UNREVIEWED

The interim financial statements of African Rainbow Minerals Limited for the six months ended 31 December 2019 were neither audited nor reviewed. The condensed group statement of profit or loss, condensed group statement of comprehensive income, condensed group statement of changes in equity, condensed group statement of cash flows for the six months ended 31 December 2019 and the condensed group statement of financial position as at 31 December 2019 are therefore marked as unaudited. The corresponding figures for 30 June 2020 were previously audited by us and we issued a modified audit opinion on 8 October 2020 but some of these amounts have been restated as noted above.

Ernst & Young Inc.
Director – Philippus Dawid Grobbelaar
Registered Auditor
Chartered Accountant (SA)

3 March 2021

CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

Contents

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Note	Reviewed Six months ended 31 December 2020 Rm	Unaudited Restated[1] Six months ended 31 December 2019 Rm	Restated[1] Year ended 30 June 2020 Rm
ASSETS				
Non-current assets				
Property, plant and equipment	4	**7 678**	7 330	7 211
Investment properties		**24**	–	24
Intangible assets		**78**	119	83
Deferred tax assets		**–**	204	–
Loans and long-term receivables	5	**52**	53	48
Non-current financial assets	10	**222**	–	230
Investment in associate	4 and 6	**703**	1 872	795
Investment in joint venture	4 and 7	**18 763**	16 540	17 545
Other investments	8	**5 612**	4 097	5 635
		33 132	30 215	31 571
Current assets				
Inventories		**624**	615	568
Trade and other receivables	9	**6 366**	3 759	3 306
Taxation		**112**	39	132
Financial assets	10	**459**	–	1 309
Cash and cash equivalents	11	**6 815**	4 893	5 715
		14 376	9 306	11 030
Total assets		**47 508**	39 521	42 601
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		**11**	11	11
Share premium		**5 202**	4 996	4 950
Treasury shares		**(2 405)**	(2 405)	(2 405)
Other reserves		**3 987**	2 890	4 367
Retained earnings		**28 661**	24 300	25 157
Equity attributable to equity holders of ARM		**35 456**	29 792	32 080
Non-controlling interest		**2 844**	1 828	2 028
Total equity		**38 300**	31 620	34 108
Non-current liabilities				
Long-term borrowings	12	**1 551**	1 589	1 565
Deferred tax liabilities		**2 527**	1 900	2 085
Long-term provisions		**2 007**	1 583	1 953
		6 085	5 072	5 603
Current liabilities				
Trade and other payables		**1 928**	1 773	1 637
Short-term provisions		**541**	463	737
Taxation		**202**	105	103
Overdrafts and short-term borrowings	12	**452**	488	413
		3 123	2 829	2 890
Total equity and liabilities		**47 508**	39 521	42 601

[1] *Comparative information has been restated. Refer note 5 for more detail.*

CONDENSED GROUP STATEMENT OF PROFIT OR LOSS

	Note	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
Revenue	3	**9 813**	5 907	12 386
Sales	3	**9 046**	5 546	11 653
Cost of sales		**(4 104)**	(4 058)	(7 492)
Gross profit		**4 942**	1 488	4 161
Other operating income	16	**971**	488	1 160
Other operating expenses		**(1 245)**	(802)	(2 050)
Profit from operations before capital items		**4 668**	1 174	3 271
Income from investments		**183**	202	446
Finance costs		**(131)**	(174)	(397)
(Loss)/income from associate	17	**(87)**	10	33
Income from joint venture	7	**2 784**	1 835	4 450
Profit before taxation and capital items		**7 417**	3 047	7 803
Capital items	13	**–**	(6)	(1 693)
Profit before taxation		**7 417**	3 041	6 110
Taxation	18	**(1 365)**	(534)	(1 076)
Profit for the period		**6 052**	2 507	5 034
Attributable to:				
Equity holders of ARM				
Profit for the period		**4 868**	2 132	3 965
Basic earnings for the period		**4 868**	2 132	3 965
Non-controlling interest				
Profit for the period		**1 184**	375	1 069
		1 184	375	1 069
Profit for the period		**6 052**	2 507	5 034
Earnings per share				
Basic earnings per share (cents)	14	**2 499**	1 102	2 042
Diluted basic earnings per share (cents)	14	**2 474**	1 085	2 011

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	**Total share-holders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
Six months ended 31 December 2020 (Reviewed)						
Profit for the period	**–**	**–**	**4 868**	**4 868**	**1 184**	**6 052**
Total other comprehensive loss	**(16)**	**(116)**	**–**	**(132)**	**–**	**(132)**
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods:						
Net impact of revaluation of listed investment	**(16)**	**–**	**–**	**(16)**	**–**	**(16)**
Revaluation of listed investment[1]	**(20)**	**–**	**–**	**(20)**	**–**	**(20)**
Deferred tax on above	**4**	**–**	**–**	**4**	**–**	**4**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Foreign currency translation reserve movement	**–**	**(116)**	**–**	**(116)**	**–**	**(116)**
Total comprehensive (loss)/income for the period	**(16)**	**(116)**	**4 868**	**4 736**	**1 184**	**5 920**
Six months ended 31 December 2019 (Unaudited)						
Profit for the period	–	–	2 132	**2 132**	375	**2 507**
Total other comprehensive income	1 128	1	–	**1 129**	–	**1 129**
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods:						
Net impact of revaluation of listed investment	1 128	–	–	**1 128**	–	**1 128**
Revaluation of listed investment[1]	1 453	–	–	**1 453**	–	**1 453**
Deferred tax on above	(325)	–	–	**(325)**	–	**(325)**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Foreign currency translation reserve movement	–	1	–	**1**	–	**1**
Total comprehensive income for the period	1 128	1	2 132	**3 261**	375	**3 636**
Year ended 30 June 2020 (Audited)						
Profit for the year	–	–	3 965	**3 965**	1 069	**5 034**
Total other comprehensive income	2 325	203	–	**2 528**	–	**2 528**
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods:						
Net impact of revaluation of listed investment	2 325	–	–	**2 325**	–	**2 325**
Revaluation of listed investment [1]	2 996	–	–	**2 996**	–	**2 996**
Deferred tax on above	(671)	–	–	**(671)**	–	**(671)**
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Foreign currency translation reserve movement	–	203	–	**203**	–	**203**
Total comprehensive income for the year	2 325	203	3 965	**6 493**	1 069	**7 562**

[1] *The share price of Harmony Limited at 31 December 2020 was R71.60, R71.86 at 30 June 2020 and R51.20 at 31 December 2019 per share.*

The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of IFRS. ARM shareholding at 31 December 2020 was 12.12% (31 December 2019: 13.77%, 30 June 2020: 12.38%).

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

			Other reserves						
	Share capital and premium Rm	Treasury share capital Rm	Financial instruments at fair value through other comprehensive income Rm	Share-based payments Rm	Other Rm	Retained earnings Rm	**Total shareholders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
Six months ended 31 December 2020 (Reviewed)									
Balance at 30 June 2020	4 961	(2 405)	3 344	884	139	25 157	**32 080**	2 028	**34 108**
Total comprehensive (loss)/income for the period	–	–	(16)	–	(116)	4 868	**4 736**	1 184	**5 920**
Profit for the period	–	–	–	–		4 868	**4 868**	1 184	**6 052**
Other comprehensive loss	–	–	(16)	–	(116)	–	**(132)**	–	**(132)**
Bonus and performance shares issued to employees	213	–	–	(325)	–	–	**(112)**	–	**(112)**
Share options exercised	39	–	–	–	–	–	**39**	–	**39**
Dividend paid	–	–	–	–	–	(1 364)	**(1 364)**	–	**(1 364)**
Dividend paid to Impala Platinum	–	–	–	–	–	–	**–**	(368)	**(368)**
Share-based payments	–	–	–	77	–	–	**77**	–	**77**
Balance at 31 December 2020	5 213	(2 405)	3 328	636	23	28 661	**35 456**	2 844	**38 300**
Six months ended 31 December 2019 (Unaudited)									
Balance at 30 June 2019	4 711	(2 405)	1 019	1 003	(64)	23 909	**28 173**	1 530	**29 703**
Total comprehensive income for the period	–	–	1 128	–	1	2 132	**3 261**	375	**3 636**
Profit for the period	–	–	–	–	–	2 132	**2 132**	375	**2 507**
Other comprehensive income	–	–	1 128	–	1	–	**1 129**	–	**1 129**
Bonus and performance shares issued to employees	296	–	–	(296)	–	–	**–**	–	**–**
Dividend paid	–	–	–	–	–	(1 741)	**(1 741)**	–	**(1 741)**
Dividend paid to Impala Platinum	–	–	–	–	–	–	**–**	(77)	**(77)**
Share-based payments	–	–	–	99	–	–	**99**	–	**99**
Balance at 31 December 2019	5 007	(2 405)	2 147	806	(63)	24 300	**29 792**	1 828	**31 620**
Year ended 30 June 2020 (Audited)									
Balance at 30 June 2019	4 711	(2 405)	1 019	1 003	(64)	23 909	**28 173**	1 530	**29 703**
Total comprehensive income for the year	–	–	2 325	–	203	3 965	**6 493**	1 069	**7 562**
Profit for the year 30 June 2020	–	–	–	–	–	3 965	**3 965**	1 069	**5 034**
Other comprehensive income	–	–	2 325	–	203	–	**2 528**	–	**2 528**
Bonus and performance shares issued to employees	307	–	–	(298)	–	–	**9**	–	**9**
Dividend paid	–	–	–	–	–	(2 717)	**(2 717)**	–	**(2 717)**
Dividend paid to Impala Platinum	–	–	–	–	–	–	**–**	(571)	**(571)**
Share repurchase	(57)	–	–	–	–	–	**(57)**	–	**(57)**
Share-based payments	–	–	–	179	–	–	**179**	–	**179**
Balance at 30 June 2020	4 961	(2 405)	3 344	884	139	25 157	**32 080**	2 028	**34 108**

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Note	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		**6 984**	5 218	12 499
Cash paid to suppliers and employees		**(4 958)**	(4 297)	(8 633)
Cash generated from operations	19	**2 026**	921	3 866
Interest received		**160**	166	373
Interest paid		**(25)**	(50)	(79)
Taxation paid		**(800)**	(205)	(800)
		1 361	832	3 360
Dividends received from joint venture	7	**1 500**	2 000	3 750
Dividends received from other		**–**	–	2
		2 861	2 832	7 112
Dividends paid to non-controlling interest – Impala Platinum		**(368)**	(77)	(566)
Dividends paid – equity holders of ARM		**(1 364)**	(1 741)	(2 717)
Net cash inflow from operating activities		**1 129**	1 014	3 829
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment to maintain operations		**(551)**	(492)	(651)
Additions to property, plant and equipment to expand operations		**(292)**	–	(154)
Proceeds on disposal of property, plant and equipment		**–**	–	1
Investment in financial assets		**(216)**	–	(1 539)
Proceeds from financial assets matured		**1 072**	–	–
Net cash inflow/(outflow) from investing activities		**13**	(492)	(2 343)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from exercise of share options		**39**	–	4
Share buy back		**–**	–	(57)
Long-term borrowings repaid		**(80)**	(98)	(216)
Short-term borrowings raised		**–**	–	43
Short-term borrowings repaid		**(97)**	(49)	(48)
Net cash outflow from financing activities		**(138)**	(147)	(274)
Net increase in cash and cash equivalents		**1 004**	375	1 212
Cash and cash equivalents at beginning of period		**5 512**	4 239	4 239
Foreign currency translation on cash balances		**(31)**	(1)	61
Cash and cash equivalents at end of period	11	**6 485**	4 613	5 512
Made up as follows:				
– Available		**5 753**	3 325	4 767
– Cash set aside for specific use		**732**	1 288	745
		6 485	4 613	5 512
Overdrafts	12	**330**	280	203
Cash and cash equivalents per the statement of financial position		**6 815**	4 893	5 715
Cash generated from operations per share (cents)		**1 040**	476	1 991

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

1 STATEMENT OF COMPLIANCE

The condensed group interim financial statements for the six months ended 31 December 2020 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices 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 Johannesburg Stock Exchange (JSE) Limited.

Basis of preparation

The condensed group interim financial statements for the six months ended 31 December 2020 have been prepared on the historical cost basis, except for certain financial instruments, which include listed investments and unlisted investments that are fair valued. The accounting policies used are consistent with those in the most recent annual financial statements except for those listed below and comply with IFRS. The condensed group interim financial statements for the period have been prepared under the supervision of the Finance Director, Miss TTA Mhlanga CA(SA).

The presentation and functional currency is the South African rand and the condensed group interim financial statements are rounded to the nearest R million.

Adoption of new and revised accounting standards

The group has adopted the following new and/or revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB during the period under review. The date of initial application for the ARM group being 1 July 2020.

Standard	Subject	Effective date
IFRS 3	Business Combinations – Amendments	1 January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020
IAS 1	Presentation of Financial Statements – Amendment	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Amendment	1 January 2020
IFRS 16	Covid-19-Related Rent Concessions – Amendment	1 June 2020

The adoption of the above standards had no significant effect on the condensed group interim financial statements.

IFRS 15 – *Revenue from Contracts with Customers*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Some fees only become payable to the group when the entity paying the fees receives payments from its customers for saleable products.

COVID-19 IMPACT ON OPERATIONS

Health and safety measures are complied with at all operations. Measures that have been put in place to reduce the risk of a Covid-19 outbreak include the following:
- Daily screening of all employees.
- Compulsory wearing of face masks.
- Social distancing throughout the mine.
- Installation of hand wash basins and sanitising stations.
- Regular disinfection of high-risk areas.

ARM Platinum

Two Rivers

Two Rivers was allowed to produce at 100% capacity, with strict social distancing and other health and safety measures to be complied with.

It is estimated that the negative impact of Covid-19 on production is currently less than 10%.

Two Rivers sells its PGM concentrate to African Rainbow Minerals Limited’s 46% partner Impala Platinum. There were no defaults on payments due during the 1H F2021 reporting period.

The mine was operating with 70% of the workforce at the beginning of the 1H F2021 and towards the end of August 2020 returned to full capacity.

Management continues to follow the safety measures put in place to curb the spread of Covid-19.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

1 STATEMENT OF COMPLIANCE (continued)

ARM Platinum (continued)

Nkomati

Nkomati did not experience any material challenges with the sales of its products during the reporting period.

The joint venture partners of Nkomati continue to scale down production volumes in preparation for care and maintenance.

Modikwa

Modikwa Mine is allowed to produce at 100% capacity, with strict social distancing and other health and safety measures to be complied with. Modikwa Mine experienced a slower than anticipated ramp-up of production following the easing of the lockdown regulations.

It is estimated that the negative impact of Covid-19 on production is currently less than 10%.

Voluntary separation and early retirement options were given to Covid-19-vulnerable employees over the period.

Modikwa sells its concentrate to African Rainbow Minerals Limited's 50% joint venture partner Rustenburg Platinum Mines. There were no defaults on payments due during the 1H F2021 reporting period.

The mine was operating with 100% of the workforce at the end of 1H F2021.

ARM Coal

The API4 coal traded price had reduced significantly due to the Covid-19 outbreak. This was due to a slowdown in global economies resulting in reduced coal demand. The API4 coal price recovered towards the end of 1H F2021 supported by positive sentiment of a global economic recovery.

It is estimated that the pandemic has resulted in a 10% reduction in production during the initial months of 1H F2021. Due to increased health and safety measures at the operations and improved protocols and practices, the monthly loss in production has improved and is currently below 10%.

The ARM Coal operations were operating with 100% of the workforce at the end of 1H F2021.

ARM Ferrous

Assmang

Assmang Covid-19 screening and testing data as at 31 December 2020:

Operation	Persons at work (average)	Total tested	Positive cases			Deceased
			Progressive	Recovered	Active	
Beeshoek	1 270	482	52	43	9	–
Khumani	3 737	930	594	310	147	2
Black Rock	6 005	1 746	314	307	4	3
Cato Ridge	564	331	69	69	–	–
Assmang	11 576	3 489	1 029	729	160	5

The Department of Mineral Resources and Energy (DMRE) visited and audited all three Northern Cape operations during December 2020 and were satisfied with the Covid-19 management programmes and measures in place. The Department of Labour visited Cato Ridge and was satisfied with the Covid-19 management programme and measures in place.

All Assmang operations are taking part in the Minerals Council South Africa initiative to support the Government Covid-19 vaccine roll out plan. Operations clinics have submitted their readiness plans to vaccinate employees and nearby communities.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

1 STATEMENT OF COMPLIANCE (continued)

ARM Ferrous (continued)

Sakura

Sakura reported one positive case of Covid-19 during 1H F2021. The Ministry of Health (MOH) issued a warrant for random Covid-19 testing for all industries in Samalaju during December 2020. Approximately 50 Sakura employees were selected by MOH for this testing. One Sakura employee tested positive. As a result, Sakura was subjected to the directives of the MOH, which included the isolation of the individual and the quarantine of the entire shift. Further to this, the MOH ordered that the entire Sakura workforce, including the permanent contractors, be tested. Contingency plans were put in place to cover the shift which was placed in quarantine and the plant continued to operate as normal during this period. Hygiene and screening processes are enforced and are working well on site. The Recovery Movement Control Order (RMCO) has been extended until 31 March 2021.

New standards issued but not yet effective

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

Standard	Subject	Effective date
IFRS 3	Business Combinations – Amendment	1 January 2022
IAS 1	Presentation of Financial Statements – Amendment	1 January 2023
IAS 16	Property, Plant and Equipment – Amendment	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendment	1 January 2022
IFRS 9	Financial Instruments – Amendment	
IFRS 9, IFRS 7, IFRS 4, IAS 39 and IFRS 16	Interest Rate Benchmark Reform – Amendment	1 January 2021
IFRS 17	Insurance contracts	1 January 2023

The group does not intend early adopting any of the above amendments or standards.

ARM continuously evaluates the impact of these standards and amendments, the adoption of which are not expected to have a significant effect on the group financial results.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION

Primary segmental information

For management purposes the group is organised into operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Corporate (which includes Corporate, Machadodorp Works, gold and other) in the table below.

	ARM Platinum[1] Rm	ARM Ferrous[2] Rm	ARM Coal Rm	ARM Corporate Rm	**Total Rm**	IFRS adjust-ment[3] Rm	**Total per IFRS financial statements Rm**
2.1 Six months ended 31 December 2020 (Reviewed)							
Sales	8 494	10 939	482	70	**19 985**	(10 939)	**9 046**
Cost of sales	(3 483)	(5 295)	(538)	(64)	**(9 380)**	5 276	**(4 104)**
Other operating income	93	53	–	834	**980**	(9)	**971**
Other operating expenses[4]	(691)	(1 535)	(31)	(523)	**(2 780)**	1 535	**(1 245)**
Segment result	4 413	4 162	(87)	317	**8 805**	(4 137)	**4 668**
Income from investments	27	88	6	150	**271**	(88)	**183**
Finance cost	(33)	(22)	(83)	(15)	**(153)**	22	**(131)**
Loss from associate[5]	–	–	(87)	–	**(87)**	–	**(87)**
Loss from joint venture	–	(56)	–	–	**(56)**	2 840	**2 784**
Capital items before tax[6]	–	(171)	–	–	**(171)**	171	**–**
Taxation	(1 203)	(1 200)	29	(183)	**(2 557)**	1 192	**(1 365)**
Profit/(loss) after tax	3 204	2 801	(222)	269	**6 052**	–	**6 052**
Non-controlling interest	(1 183)	–	–	(1)	**(1 184)**	–	**(1 184)**
Consolidation adjustment[7]	–	(17)	–	17	**–**	–	**–**
Contribution to basic earnings/(losses)	2 021	2 784	(222)	285	**4 868**	–	**4 868**
Contribution to headline earnings/(losses)	2 021	2 955	(222)	285	**5 039**	–	**5 039**
Other information							
Segment assets including investment in associate and joint venture	12 495	24 930	3 345	12 905	**53 675**	(6 167)	**47 508**
Investment in associate			703		**703**		**703**
Investment in joint venture						18 763	**18 763**
Segment liabilities	2 816	2 447	2 018	1 645	**8 926**	(2 447)	**6 479**
Unallocated liabilities – deferred taxation and taxation					**6 449**	(3 720)	**2 729**
Consolidated total liabilities					**15 375**	(6 167)	**9 208**
Cash generated from operations	2 102	3 293	123	(199)	**5 319**	(3 293)	**2 026**
Cash inflow/(outflow) from operating activities	1 134	2 706	124	(1 629)	**2 335**	(1 206)	**1 129**
Cash (outflow)/inflow from investing activities	(724)	(1 067)	(118)	855	**(1 054)**	1 067	**13**
Cash (outflow)/inflow from financing activities	(138)	(10)	(8)	18	**(138)**	–	**(138)**
Capital expenditure	724	957	195	1	**1 877**	(957)	**920**
Amortisation and depreciation	316	545	102	3	**966**	(545)	**421**
Impairment loss before tax	–	169	–	–	**169**	(169)	**–**
EBITDA	4 729	4 707	15	320	**9 771**	(4 682)	**5 089**

There were no significant inter-division sales.

[1] *Refer note 2.4 for more detail on the ARM Platinum segment.*
[2] *Refer note 2.7 and note 7 for more detail on the ARM Ferrous segment.*
[3] *Includes IFRS 11 –* Joint Arrangements *– adjustments related to ARM Ferrous.*
[4] *Included in Modikwa is R129 million re-measurement loss, partially offset with a R123 million re-measurement gain in ARM Corporate (refer note 15).*
[5] *Includes re-measurement gain on ARM Coal loans of R25 million (refer note 15).*
[6] *Refer note 13 for more detail.*
[7] *Relates to capitalised fees in ARM Ferrous.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

		ARM Platinum[1] Rm	ARM Ferrous[2] Rm	ARM Coal Rm	ARM Corporate Rm	**Total Rm**	IFRS adjust-ment[3] Rm	**Total per IFRS financial statements Rm**
2.2	**Six months ended 31 December 2019 (Restated)**							
	(Unaudited)							
	Sales	5 002	7 813	539	5	**13 359**	(7 813)	**5 546**
	Cost of sales	(3 444)	(4 600)	(587)	(10)	**(8 641)**	4 583	**(4 058)**
	Other operating income	44	120	7	393	**564**	(76)	**488**
	Other operating expenses[4]	(269)	(721)	(13)	(520)	**(1 523)**	721	**(802)**
	Segment result	1 333	2 612	(54)	(132)	**3 759**	(2 585)	**1 174**
	Income from investments	33	169	4	165	**371**	(169)	**202**
	Finance cost	(47)	(14)	(82)	(45)	**(188)**	14	**(174)**
	Income from associate[5]	–	–	10	–	**10**	–	**10**
	Loss from joint venture	–	(71)	–	–	**(71)**	1 906	**1 835**
	Capital items before tax	–	(18)	–	(6)	**(24)**	18	**(6)**
	Taxation	(456)	(824)	17	(87)	**(1 350)**	816	**(534)**
	Profit/(loss) after tax	863	1 854	(105)	(105)	**2 507**	–	**2 507**
	Non-controlling interest	(374)	–	–	(1)	**(375)**	–	**(375)**
	Consolidation adjustment[6]	–	(19)	–	19	**–**	–	**–**
	Contribution to basic earnings/(losses)	489	1 835	(105)	(87)	**2 132**	–	**2 132**
	Contribution to headline earnings/(losses)	489	1 848	(101)	(81)	**2 155**	–	**2 155**
	Other information							
	Segment assets including investment in associate and joint venture[7]	9 556	21 885	5 045	8 380	**44 866**	(5 345)	**39 521**
	Investment in associate			1 872		**1 872**		**1 872**
	Investment in joint venture						16 540	**16 540**
	Segment liabilities[7]	2 270	2 128	1 473	2 153	**8 024**	(2 128)	**5 896**
	Unallocated liabilities – deferred taxation and taxation					**5 222**	(3 217)	**2 005**
	Consolidated total liabilities					**13 246**	(5 345)	**7 901**
	Cash generated from operations	1 024	3 705	88	(191)	**4 626**	(3 705)	**921**
	Cash inflow/(outflow) from operating activities	933	3 133	90	(2 009)	**2 147**	(1 133)	**1 014**
	Cash outflow from investing activities	(399)	(1 069)	(93)	–	**(1 561)**	1 069	**(492)**
	Cash (outflow)/inflow from financing activities	(56)	(9)	6	(88)	**(147)**	–	**(147)**
	Capital expenditure	451	982	139	1	**1 573**	(982)	**591**
	Amortisation and depreciation	233	488	107	6	**834**	(488)	**346**
	Impairment loss before tax	–	–	6	–	**6**	–	**6**
	EBITDA	1 566	3 100	53	(126)	**4 593**	(3 073)	**1 520**

There were no significant inter-division sales.

[1] *Refer note 2.5 for more detail on the ARM Platinum segment.*
[2] *Refer note 2.8 and note 7 for more detail on the ARM Ferrous segment.*
[3] *Includes IFRS 11 –* Joint Arrangements *– adjustments related to ARM Ferrous.*
[4] *Included in Modikwa is R62 million re-measurement loss partially offset with a R59 million re-measurement gain in ARM Corporate (refer note 15).*
[5] *Re-measurement loss on ARM Coal loans of R103 million.*
[6] *Relates to capitalised fees in ARM Ferrous.*
[7] *Segment assets and segment liabilities have been restated (refer note 5).*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

		ARM Platinum Rm	ARM Ferrous[1] Rm	ARM Coal Rm	ARM Corporate Rm	**Total Rm**	IFRS adjust-ment[2] Rm	**Total per IFRS financial statements Rm**
2.3	**Year ended 30 June 2020 (Restated)**							
	Sales	10 548	15 717	1 056	49	**27 370**	(15 717)	**11 653**
	Cost of sales	(6 165)	(8 768)	(1 201)	(92)	**(16 226)**	8 734	**(7 492)**
	Other operating income	120	538	232	713	**1 603**	(443)	**1 160**
	Other operating expenses	(1 098)	(1 334)	(20)	(932)	**(3 384)**	1 334	**(2 050)**
	Segment result	3 405	6 153	67	(262)	**9 363**	(6 092)	**3 271**
	Income from investments	99	305	13	334	**751**	(305)	**446**
	Finance cost	(120)	(53)	(173)	(104)	**(450)**	53	**(397)**
	Profit from associate	–	–	33	–	**33**	–	**33**
	Loss from joint venture[3]	–	(127)	–	–	**(127)**	4 577	**4 450**
	Capital items before tax	–	(38)	(937)	(756)	**(1 731)**	38	**(1 693)**
	Taxation	(1 174)	(1 746)	211	(96)	**(2 805)**	1 729	**(1 076)**
	Profit/(loss) after tax	2 210	4 494	(786)	(884)	**5 034**	–	**5 034**
	Non-controlling interest	(1 068)	–	–	(1)	**(1 069)**	–	**(1 069)**
	Consolidation adjustment[4]	–	(44)	–	44	**–**	–	**–**
	Contribution to basic earnings/(losses)	1 142	4 450	(786)	(841)	**3 965**	–	**3 965**
	Contribution to headline earnings/ (losses)	1 142	4 479	(2)	(85)	**5 534**	–	**5 534**
	Other information							
	Segment assets including investment in associate[5]	10 179	22 835	3 428	11 449	**47 891**	(5 290)	**42 601**
	Investment in associate			795		**795**		**795**
	Investment in joint venture						17 545	**17 545**
	Segment liabilities[5]	2 924	2 090	1 801	1 580	**8 395**	(2 090)	**6 305**
	Unallocated liabilities – deferred taxation and taxation					**5 388**	(3 200)	**2 188**
	Consolidated total liabilities					**13 783**	(5 290)	**8 493**
	Cash inflow generated from operations	4 055	7 463	144	(333)	**11 329**	(7 463)	**3 866**
	Cash inflow/(outflow) from operating activities	2 608	6 080	161	(2 690)	**6 159**	(2 330)	**3 829**
	Cash outflow from investing activities	(829)	(2 183)	(192)	(1 322)	**(4 526)**	2 183	**(2 343)**
	Cash (outflow)/inflow from financing activities	(127)	9	–	(147)	**(265)**	(9)	**(274)**
	Capital expenditure	1 132	2 173	197	4	**3 506**	(2 173)	**1 333**
	Amortisation and depreciation	448	994	197	7	**1 646**	(994)	**652**
	Impairment loss before tax	–	7	941	750	**1 698**	(7)	**1 691**
	EBITDA	3 853	7 147	264	(255)	**11 009**	(7 086)	**3 923**

There were no significant inter-company sales.

[1] *Refer to ARM Ferrous segment note 2.9 and note 7 for more detail.*
[2] *Includes IFRS 11 –* Joint Arrangements *– adjustments related to ARM Ferrous.*
[3] *Impairment loss included in income from joint venture R528 million before tax of R6 million.*
[4] *Relates to fees capitalised in ARM Ferrous and reversed upon consolidation.*
[5] *Segment assets and segment liabilities have been restated (refer note 5).*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

Additional information

The ARM Platinum segment is analysed further into Nkomati, Two Rivers Platinum Proprietary Limited and ARM Mining Consortium Limited which includes 50% of the Modikwa Platinum Mine.

		Two Rivers Rm	Modikwa Rm	Nkomati Rm	**ARM Platinum Rm**
2.4	**Six months ended 31 December 2020 (Reviewed)**				
	Sales	5 341	1 957	1 196	**8 494**
	Cost of sales	(1 699)	(939)	(845)	**(3 483)**
	Other operating income	52	38	3	**93**
	Other operating expenses[1]	(388)	(241)	(62)	**(691)**
	Segment result	3 306	815	292	**4 413**
	Income from investments	9	16	2	**27**
	Finance cost	(12)	(7)	(14)	**(33)**
	Taxation	(936)	(267)	–	**(1 203)**
	Profit after tax	2 367	557	280	**3 204**
	Non-controlling interest	(1 088)	(95)	–	**(1 183)**
	Contribution to basic earnings	1 279	462	280	**2 021**
	Contribution to headline earnings	1 279	462	280	**2 021**
	Other information				
	Segment and consolidated assets	8 274	3 719	502	**12 495**
	Segment liabilities	1 566	453	797	**2 816**
	Cash inflow from operating activities	903	207	24	**1 134**
	Cash outflow from investing activities	(552)	(172)	–	**(724)**
	Cash outflow from financing activities	(65)	(73)	–	**(138)**
	Capital expenditure	552	172	–	**724**
	Amortisation and depreciation	244	72	–	**316**
	EBITDA	3 550	887	292	**4 729**
2.5	**Six months ended 31 December 2019 (Unaudited)**				
	Sales	2 665	1 555	782	**5 002**
	Cost of sales[2]	(1 612)	(927)	(905)	**(3 444)**
	Other operating income	12	22	10	**44**
	Other operating expenses[1]	(115)	(74)	(80)	**(269)**
	Segment result	950	576	(193)	**1 333**
	Income from investments	4	26	3	**33**
	Finance cost	(22)	(3)	(22)	**(47)**
	Taxation	(271)	(186)	1	**(456)**
	Profit/(loss) after tax	661	413	(211)	**863**
	Non-controlling interest	(304)	(70)	–	**(374)**
	Contribution to basic earnings/(losses)	357	343	(211)	**489**
	Contribution to headline earnings/(losses)	357	343	(211)	**489**
	Other information				
	Segment and consolidated assets	5 736	3 452	368	**9 556**
	Segment liabilities	1 349	481	440	**2 270**
	Cash inflow/(outflow) from operating activities	560	454	(81)	**933**
	Cash outflow from investing activities	(240)	(159)	–	**(399)**
	Cash outflow from financing activities	(53)	–	(3)	**(56)**
	Capital expenditure	292	159	–	**451**
	Amortisation and depreciation	184	49	–	**233**
	EBITDA	1 134	625	(193)	**1 566**

[1] *Included in the Modikwa segment is a R129 million (1H F2020: R62 million) re-measurement loss in terms of IFRS 9, which is partially offset with a R123 million (1H F2020: R59 million) re-measurement gain in ARM Corporate (refer note 15).*

[2] *1H F2020 for Nkomati includes R48 million as a result of the write down of inventories, R41 million retrenchment cost, R135 million relating to a diesel rebate currently under dispute and penalty charges of R32 million.*

The joint venture partners of Nkomati continue to scale down production volumes in preparation for care and maintenance.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

	Two Rivers Rm	Modikwa Rm	Nkomati Rm	**ARM Platinum Rm**
2.6 For the year ended 30 June 2020 (Audited)				
Sales	6 173	3 093	1 282	**10 548**
Cost of sales	(2 994)	(1 696)	(1 475)	**(6 165)**
Other operating income	21	87	12	**120**
Other operating expenses[1]	(383)	(192)	(523)	**(1 098)**
Segment result	2 817	1 292	(704)	**3 405**
Income from investments	25	67	7	**99**
Finance cost	(83)	(5)	(32)	**(120)**
Taxation	(786)	(413)	25	**(1 174)**
Profit/(loss) after tax	1 973	941	(704)	**2 210**
Non-controlling interest	(908)	(160)	–	**(1 068)**
Contribution to basic earnings/(losses)	1 065	781	(704)	**1 142**
Contribution to headline earnings/(losses)	1 065	781	(704)	**1 142**
Other information				
Segment and consolidated assets	6 029	3 705	445	**10 179**
Segment liabilities	1 339	576	1 009	**2 924**
Cash inflow/(outflow) generated from operations	2 641	1 535	(121)	**4 055**
Cash inflow/(outflow) from operating activities	1 261	1 479	(132)	**2 608**
Cash outflow from investing activities	(428)	(350)	(51)	**(829)**
Cash outflow from financing activities	(72)	(49)	(6)	**(127)**
Capital expenditure	813	319	–	**1 132**
Amortisation and depreciation	355	93	–	**448**
EBITDA	3 172	1 385	(704)	**3 853**

[1] *Nkomati includes R370 million for rehabilitation and decommissioning.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

Analysis of the ARM Ferrous segment at 100% basis

		Iron ore division Rm	Manganese division Rm	**ARM Ferrous Total Rm**	**ARM share Rm**	IFRS adjust-ment[1] Rm	**Total per IFRS financial statements Rm**
2.7	**Six months ended 31 December 2020 (Reviewed)**						
	Sales	15 942	5 935	**21 877**	**10 939**	(10 939)	**–**
	Cost of sales	(5 916)	(4 674)	**(10 590)**	**(5 295)**	5 295	**–**
	Other operating income	657	79	**736**	**53**	(53)	**–**
	Other operating expenses	(2 916)	(783)	**(3 699)**	**(1 535)**	1 535	**–**
	Segment result	7 767	557	**8 324**	**4 162**	(4 162)	**–**
	Income from investments	170	6	**176**	**88**	(88)	**–**
	Finance cost	(24)	(20)	**(44)**	**(22)**	22	**–**
	Loss from joint venture	–	(112)	**(112)**	**(56)**	56	**–**
	Capital items before tax[2]	–	(341)	**(341)**	**(171)**	171	**–**
	Taxation	(2 244)	(157)	**(2 401)**	**(1 200)**	1 200	**–**
	Profit/(loss) after tax	5 669	(67)	**5 602**	**2 801**	(2 801)	**–**
	Consolidation adjustment[3]			**–**	**(17)**	17	**–**
	Contribution to basic earnings/(losses) and total comprehensive income/(losses)	5 669	(67)	**5 602**	**2 784**	–	**2 784**
	Contribution to headline earnings	5 669	274	**5 943**	**2 955**	–	**2 955**
	Other information						
	Segment assets	30 663	20 713	**51 376**	**24 930**	(6 166)	**18 763**
	Segment liabilities	7 827	4 933	**12 760**	**2 447**	(2 447)	**–**
	Cash inflow/(outflow) from operating activities[4]	4 713	(2 300)	**2 413**	**2 706**	(2 706)	**–**
	Cash outflow from investing activities	(1 100)	(1 034)	**(2 134)**	**(1 067)**	1 067	**–**
	Cash outflow from financing activities	(19)	–	**(19)**	**(10)**	10	**–**
	Capital expenditure	962	1 038	**2 000**	**957**	(957)	**–**
	Amortisation and depreciation	752	375	**1 127**	**545**	(545)	**–**
	EBITDA	8 519	932	**9 451**	**4 707**	(4 707)	**–**
	Additional information for ARM Ferrous at 100%						
	Non-current assets						
	Property, plant and equipment			**28 162**		(28 162)	**–**
	Investment in joint venture			**878**		(878)	**–**
	Other non-current assets			**1 872**		(1 872)	**–**
	Current assets						
	Inventories			**4 919**		(4 919)	**–**
	Trade and other receivables			**8 769**		(8 769)	**–**
	Financial assets			**100**		(100)	**–**
	Cash and cash equivalents			**6 678**		(6 678)	**–**
	Non-current liabilities						
	Other non-current liabilities			**8 365**		(8 365)	**–**
	Current liabilities						
	Trade and other payables			**2 577**		(2 577)	**–**
	Short-term provisions			**1 266**		(1 266)	**–**
	Taxation			**411**		(411)	**–**
	Financial liabilities			**131**		(131)	**–**

Refer note 2.1 and note 7 for more detail on the ARM Ferrous segment.

[1] *Includes consolidation and IFRS 11 –* Joint Arrangements *– adjustments.*
[2] *Refer note 13 for more detail.*
[3] *Includes consolidation adjustment for capitalised fees.*
[4] *Iron ore division includes dividend paid amounting to R3 billion included in cash flows from operating activities.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

		Iron ore division Rm	Manganese division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjust-ment[1] Rm	Total per IFRS financial statements Rm
2.8	**Six months ended 31 December 2019 (Unaudited)**						
	Sales[2]	9 405	6 221	**15 626**	**7 813**	(7 813)	–
	Cost of sales	(4 899)	(4 302)	**(9 201)**	**(4 600)**	4 600	–
	Other operating income	382	227	**609**	**120**	(120)	–
	Other operating expenses	(1 166)	(641)	**(1 807)**	**(721)**	721	–
	Segment result	3 722	1 505	**5 227**	**2 612**	(2 612)	–
	Income from investments	327	10	**337**	**169**	(169)	–
	Finance cost	(17)	(12)	**(29)**	**(14)**	14	–
	Loss from joint venture	–	(141)	**(141)**	**(71)**	71	–
	Capital items before tax	(30)	(6)	**(36)**	**(18)**	18	–
	Taxation	(1 173)	(476)	**(1 649)**	**(824)**	824	–
	Profit after tax	2 829	880	**3 709**	**1 854**	(1 854)	–
	Consolidation adjustment[3]			**–**	**(19)**	19	–
	Contribution to basic earnings and total comprehensive income	2 829	880	**3 709**	**1 835**	–	**1 835**
	Contribution to headline earnings	2 853	882	**3 735**	**1 848**	–	**1 848**
	Other information						
	Segment assets	22 271	22 896	**45 167**	**21 885**	(5 345)	**16 540**
	Segment liabilities	5 259	5 822	**11 081**	**2 128**	(2 128)	–
	Cash (outflow)/inflow from operating activities[4]	(204)	2 469	**2 265**	**3 133**	(3 133)	–
	Cash outflow from investing activities	(857)	(1 282)	**(2 139)**	**(1 069)**	1 069	–
	Cash outflow from financing activities	(18)	–	**(18)**	**(9)**	9	–
	Capital expenditure	863	1 188	**2 051**	**982**	(982)	–
	Amortisation and depreciation	682	328	**1 010**	**488**	(488)	–
	EBITDA	4 404	1 833	**6 237**	**3 100**	(3 100)	–
	Additional information for ARM Ferrous at 100%						
	Non-current assets						
	Property, plant and equipment			**25 938**		(25 938)	–
	Investment in joint venture			**1 267**		(1 267)	–
	Other non-current assets			**919**		(919)	–
	Current assets						
	Inventories			**5 572**		(5 572)	–
	Trade and other receivables			**5 022**		(5 022)	–
	Financial assets			**235**		(235)	
	Cash and cash equivalents			**6 214**		(6 214)	–
	Non-current liabilities						
	Other non-current liabilities			**7 837**		(7 837)	–
	Current liabilities						
	Trade and other payables			**2 037**		(2 037)	–
	Short-term provisions			**1 002**		(1 002)	–
	Taxation			**141**		(141)	–

Refer note 2.2 and note 7 for more detail on the ARM Ferrous segment.

[1] *Includes consolidation and IFRS 11 –* Joint Arrangements – *adjustments.*
[2] *Includes fair value loss of R1 007 million.*
[3] *Includes consolidation adjustment for capitalised fees.*
[4] *Iron ore division includes dividend paid amounting to R4 billion included in cash flows from operating activities.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

		Iron ore division Rm	Manganese division Rm	**ARM Ferrous Total Rm**	**ARM share Rm**	IFRS adjustment[1] Rm	**Total per IFRS financial statements Rm**
2.9	**For the year ended 30 June 2020 (Audited)**						
	Sales	20 638	10 795	**31 433**	**15 717**	(15 717)	**–**
	Cost of sales	(10 033)	(7 503)	**(17 536)**	**(8 768)**	8 768	**–**
	Other operating income	1 235	701	**1 936**	**538**	(538)	**–**
	Other operating expenses	(2 267)	(1 258)	**(3 525)**	**(1 334)**	1 334	**–**
	Segment results	9 573	2 735	**12 308**	**6 153**	(6 153)	**–**
	Income from investments	595	15	**610**	**305**	(305)	**–**
	Finance cost	(48)	(56)	**(104)**	**(53)**	53	**–**
	Loss from joint venture	–	(254)	**(254)**	**(127)**	127	**–**
	Capital items before tax[2]	(64)	(13)	**(77)**	**(38)**	38	**–**
	Taxation	(2 730)	(764)	**(3 494)**	**(1 746)**	1 746	**–**
	Profit after tax	7 326	1 663	**8 989**	**4 494**	(4 494)	**–**
	Consolidation adjustment				**(44)**	44	**–**
	Contribution to basic earnings and total comprehensive income	7 326	1 663	**8 989**	**4 450**	–	**4 450**
	Contribution to headline earnings	7 376	1 672	**9 048**	**4 479**	–	**4 479**
	Other information						
	Consolidated total assets	22 002	25 132	**47 134**	**22 835**	(5 291)	**17 545**
	Consolidated total liabilities	4 953	6 036	**10 989**	**2 090**	(2 090)	**–**
	Cash inflow from operating activities[3]	4 980	3 429	**8 409**	**6 080**	(6 080)	**–**
	Cash outflow from investing activities	(2 099)	(2 267)	**(4 366)**	**(2 183)**	2 183	**–**
	Capital expenditure	2 223	2 314	**4 537**	**2 173**	(2 173)	**–**
	Amortisation and depreciation	1 419	637	**2 056**	**994**	(994)	**–**
	EBITDA	10 992	3 372	**14 364**	**7 147**	(7 147)	**–**
	Additional information for ARM Ferrous at 100%						
	Non-current assets						
	Property, plant and equipment			**27 306**		(27 306)	**–**
	Investment in joint venture			**1 442**		(1 442)	**–**
	Other non-current assets			**1 542**		(1 542)	**–**
	Current assets						
	Inventories			**5 198**		(5 198)	**–**
	Trade and other receivables			**5 131**		(5 131)	**–**
	Financial assets			**99**		(99)	
	Cash and cash equivalents			**6 416**		(6 416)	**–**
	Taxation			**189**		(189)	
	Non-current liabilities						
	Other non-current liabilities			**8 303**		(8 303)	**–**
	Current liabilities						
	Trade and other payables			**1 813**		(1 813)	**–**
	Short-term provisions			**1 024**		(1 024)	**–**

Refer note 2.3 and note 7 for more detail on the ARM Ferrous segment.

[1] *Includes consolidation and IFRS 11 –* Joint Arrangements *– adjustments.*
[2] *Refer note 13 for more detail.*
[3] *Dividend paid amounting to R3.8 billion included in cash flows from operating activities.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

2 SEGMENTAL INFORMATION (continued)

ARM Corporate as presented in the table on page 30 to 32 is analysed further into the ARM Corporate and other, Gold and Machadodorp.

2.10

	Macha-dodorp Works Rm	Corpo-rate and other[1] Rm	Gold Rm	1H F2021 Total ARM Corpo-rate Rm	Macha-dodorp Works Rm	Corpo-rate and other[1] Rm	Gold Rm	1H F2020 Total ARM Corpo-rate Rm	Macha-dodorp Works Rm	Corpo-rate and other[1] Rm	Gold Rm	June 2020 Total ARM Corpo-rate Rm
				(Reviewed)				**(Unaudited)**				**(Audited)**
Sales	70	–		**70**	5	–		**5**	49	–		**49**
Cost of sales	(90)	26		**(64)**	(37)	27		**(10)**	(142)	50		**(92)**
Other operating income	5	829		**834**	4	389		**393**	5	708		**713**
Other operating expenses[2]	(51)	(472)		**(523)**	(68)	(452)		**(520)**	(133)	(799)		**(932)**
Segment result	(66)	383		**317**	(96)	(36)		**(132)**	(221)	(41)		**(262)**
Income from investments	–	150		**150**	–	165		**165**	–	334		**334**
Finance cost	(1)	(14)		**(15)**	(1)	(44)		**(45)**	(18)	(86)		**(104)**
Capital item[3]	–	–		**–**	–	(6)		**(6)**	(7)	(749)		**(756)**
Taxation	7	(190)		**(183)**	24	(111)		**(87)**	76	(172)		**(96)**
(Loss)/profit after tax	(60)	329		**269**	(73)	(32)		**(105)**	(170)	(714)		**(884)**
Non-controlling interest	–	(1)		**(1)**	–	(1)		**(1)**	–	(1)		**(1)**
Consolidation adjustment[4]	–	17		**17**	–	19		**19**	–	44		**44**
Contribution to basic (losses)/earnings	(60)	345		**285**	(73)	(14)		**(87)**	(170)	(671)		**(841)**
Contribution to headline (losses)/earnings	(60)	345		**285**	(73)	(8)		**(81)**	(163)	78		**(85)**
Other information												
Segment assets	77	7 482	5 346	**12 905**	181	4 376	3 823	**8 380**	89	5 994	5 366	**11 449**
Segment liabilities	519	1 126		**1 645**		2 153		**2 153**	370	1 210		**1 580**
Cash inflow/(outflow) from operating activities	5	(1 634)		**(1 629)**	3	(2 012)		**(2 009)**	4	(2 694)		**(2 690)**
Cash inflow/(outflow) from investing activities	–	855		**855**	–	–		**–**	–	(1 322)		**(1 322)**
Cash inflow/(outflow) from financing activities	–	18		**18**	–	(88)		**(88)**	–	(147)		**(147)**
Capital expenditure	–	1		**1**	–	1		**1**	–	4		**4**
Amortisation and depreciation	–	3		**3**	1	5		**6**	2	5		**7**
Impairment before tax									7	743		**750**
EBITDA	(66)	386		**320**	(95)	(31)		**(126)**	(219)	(36)		**(255)**

[1] *Corporate, other companies and consolidation adjustments.*

[2] *Included in ARM Corporate is a R123 million re-measurement gain on the Modikwa inter-company loan (loss in Modikwa) 1H F2021 (refer note 15).*

[3] *Refer note 13 for more detail.*

[4] *Consolidation adjustment on fees capitalised in ARM Ferrous.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

3 SALES AND REVENUE

	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
Sales	**9 046**	5 546	11 653
Made up as follows:			
Local sales	**7 495**	4 408	9 618
Export sales	**1 551**	1 138	2 035
Revenue	**9 813**	5 907	12 386
Fair value adjustments to revenue	**778**	329	539
Revenue from contracts with customers	**9 035**	5 578	11 847
Sales – mining and related products	**8 490**	5 451	11 527
Penalty and treatment charges	**(222)**	(234)	(413)
Modikwa	**(1)**	–	(11)
Nkomati	**(44)**	(63)	(99)
Two Rivers	**(177)**	(171)	(303)
Fees received	**767**	361	733

4 IMPAIRMENT

4.1 ARM Ferrous

An impairment loss of R337 million after tax was recognised on Assmang's equity-accounted investment, Sakura Ferroalloys Sdh Bhd. ARM's attributable share of the impairment loss amounted to R169 million after tax (refer note 13).

This impairment was largely due to a combination of:
- A consistent decline in the long-term manganese alloys prices.
- Lower sale volumes compared to prior year forecast.

A discounted cash flow valuation was performed to determine the fair value less cost of disposal of the investment. The valuation was performed in Malaysian Ringgit (MYR) and in terms of International Financial Reporting Standards. The recoverable amount of the attributable investment amounted to R200 million at 31 December 2020.

The level 3 valuation model was calculated over a 15-year period with no terminal value assumptions at the end of year 15. A pre-tax Malaysian discount rate of 10.33% was used in the impairment calculation. The MYR valuation was converted to South African rand using an exchange rate of R3.62 at 31 December 2020.

The following assumptions were used in the valuation model:

		F2021	F2022	F2023	F2024
Manganese Ore Price Assumptions – 44% Mn	US$/dmtu CIF	4.42	4.46	4.80	5.08
Manganese Ore Price Assumptions – 36% to 38% Mn	US$/dmtu CIF	4.16	4.09	4.43	4.61
Manganese Alloy Price Assumptions – US import	US$/mt DDP	1 178	1 248	1 306	1 338
Manganese Alloy Price Assumptions – Europe spot	US$/mt DDP	1 033	1 077	1 116	1 144
Exchange rates					
USD/MYR	MYR nominal	4.15	4.15	4.10	4.00
USD/EUR	EUR nominal	0.85	0.87	0.84	0.82

An impairment loss was recognised in F2020 on property, plant and equipment for R7 million before tax of R2 million (refer note 2.9 and 13). This is accounted for in the income from joint venture line in the statement of profit or loss.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

4 IMPAIRMENT (continued)

4.2 ARM Coal

Cash-generating units

At 30 June 2020 impairment losses in the GGV and PCB cash-generating units were recognised by ARM, due to a combination of:
- A decline in saleable production.
- Above inflation increases in unit costs.

A discounted cash flow valuation model was prepared to determine the net present value of the GGV operation and the investment in PCB. The recoverable amount of ARM's attributable share of GGV amounted to R1.5 billion. The recoverable amount of ARM's net investment in PCB amounted to R795 million.

The level 3 valuation recoverable amounts of the GGV operation and investment in PCB cash-generating units were determined based on the fair value less cost of disposal calculation performed in terms of IFRS. ARM's attributable share of the impairment losses amounted to R1 680 million before tax and R1 524 million after tax.

	Gross Rm	Tax Rm	After tax Rm
GGV impairment	559	(156)	403
GGV: Property, plant and equipment	528	(148)	380
GGV: Intangible asset (RBCT entitlement)	31	(8)	23
PCB 20.2%: Impairment of investment (refer note 6)	1 121	–	1 121
Total attributable to ARM	1 680	(156)	1 524

A pre-tax discount rate of 20.1% was used for the impairment calculation together with the following commodity prices and exchange rates:

		F2021 Real	F2022 Real	F2023 Real	Long-term Real
Exchange rate	R/US$	16.61	15.36	15.00	15.05
Richards Bay free on board (FOB) price	US$/t	60.00	66.70	69.20	70.86

Other impairment losses were recognised in F2020 on property, plant and equipment for R4 million before tax of R1 million (refer note 2.3 and 13).

These were accounted for in the income from associate line in the statement of profit or loss.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

5 LOANS AND LONG-TERM RECEIVABLES

	Reviewed Six months ended 31 December	Unaudited Restated Six months ended 31 December	Restated Year ended 30 June
	2020 Rm	2019 Rm	2020 Rm
ARM Coal	**52**	53	48
Glencore South Africa	**–**	–	–
Total	**52**	53	48

ARM Coal, an entity jointly controlled by ARM Limited (51%) and Glencore Operations South Africa (Pty) Ltd (GOSA) (49%), in prior periods recorded an amount payable by GOSA to ARM Coal of R452 million (ARM's attributable portion: R230 million) as a long-term receivable (receivable).

At the date of the previous report, GOSA had not agreed the outstanding balance of the receivable and ARM Coal was at that time unable to provide sufficient evidence to validate this receivable in its accounting records. Details of this and the resulting qualification were included in the audited financial statements ended 30 June 2020, which can be found on **www.arm.co.za**.

ARM has since completed the investigation and the entries which gave rise to the long-term receivable have been identified and agreed between ARM Coal, GGV and GOSA.

The results of the investigation concluded that all the items included in the ARM Coal long-term receivable were indeed receivables, however, R283 million should have been classified as trade and other receivables and R53 million should have been included in the long-term borrowings rather than being accounted for as long-term receivables in the statement of financial position.

Management have accounted for the above as a prior period error in terms of IAS 8.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

5 LOANS AND LONG-TERM RECEIVABLES (continued)

The restatement had no impact on the statement of profit or loss, statement of comprehensive income and the statement of cash flows. The error has been corrected by restating each of the following affected line items in the statement of financial position for the prior periods as follows:

	Restated Year starting 1 July 2019 Rm	Unaudited Restated Six months ended 31 December 2019 Rm	Restated Year ended 30 June 2020 Rm
STATEMENT OF FINANCIAL POSITION			
Loans and long-term receivables			
Previously reported balance	283	283	278
Reclassification	(230)	(230)	(230)
Restated balance	53	53	48
Long-term borrowings			
Previously reported balance	1 095	1 536	1 512
Reclassification	53	53	53
Restated balance	1 148	1 589	1 565
Trade and other receivables			
Previously reported balance	2 743	3 476	3 023
Reclassification	283	283	283
Loans and long-term receivables	230	230	230
Long-term borrowings	53	53	53
Restated balance	3 026	3 759	3 306
PRIMARY SEGMENTAL INFORMATION			
ARM Coal: Segment assets, including investment in associate			
Previously reported balance	4 962	4 992	3 375
Reclassification	53	53	53
Restated balance	5 015	5 045	3 428
ARM Coal: Segment liabilities			
Previously reported balance	1 319	1 420	1 748
Reclassification	53	53	53
Restated balance	1 372	1 473	1 801

6 INVESTMENT IN ASSOCIATE

	Reviewed Six months ended 31 December **2020 Rm**	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
Opening balance	**795**	1 837	1 837
(Loss)/income from associate per statement of profit or loss	**(87)**	10	33
Loss for the period	**(112)**	(93)	(246)
Re-measurement gains on loans	**25**	103	279
Movement in loans	**(5)**	25	46
Impairment on investment	**–**	–	(1 121)
Closing balance	**703**	1 872	795

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

7 INVESTMENT IN JOINT VENTURE

This investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore and manganese operations.

	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
Opening balance	**17 545**	16 702	16 702
Net income for the period	**2 784**	1 835	4 450
Income for the period	**2 801**	1 854	4 494
Consolidation adjustments	**(17)**	(19)	(44)
Foreign currency translation reserve	**(66)**	3	143
Less: Dividends received for the period	**(1 500)**	(2 000)	(3 750)
Closing balance	**18 763**	16 540	17 545

Refer to notes 2.1; 2.2; 2.3; 2.7; 2.8 and 2.9 for further detail relating to the ARM Ferrous segment.

8 OTHER INVESTMENTS

	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
Harmony[1]	**5 346**	3 823	5 366
Opening balance	**5 366**	2 370	2 370
Fair value in other comprehensive income	**(20)**	1 453	2 996
Guardrisk[2]	**27**	26	30
Preference shares	**1**	1	1
Richards Bay Coal Terminal (RBCT)[3]	**238**	247	238
Closing balance	**5 612**	4 097	5 635

[1] This is a level 1 valuation in terms of IFRS 7 and 9.
[2] This is a level 2 valuation in terms of IFRS 7 and 9. Fair value based on the net asset value of the cell captive.
[3] This is a level 3 valuation in terms of IFRS 7 and 9.

The fair value of the RBCT investment was determined by calculating the present value of the future wharfage cost savings by being a shareholder in RBCT as opposed to the wharfage payable by non-shareholders. The fair value is most sensitive to wharfage cost. The current RBCT valuation is based on a wharfage cost differential of R43/tonne (1HF2020: R44/tonne) (F2020: R42/tonne). If increased by 10% this would result in a R24 million (1HF2020: R25 million) (F2020: R24 million) increase in the valuation on the RBCT investment.

If decreased by 10% this would result in a R24 million (1HF2020: R25 million) (F2020: R24 million) decrease in the valuation on the RBCT investment. The valuation is calculated based on the duration of the RBCT lease agreement with Transnet SOC Limited to 31 December 2038 (including renewal options), using a pre-tax discount rate of 19.4% (1HF2020: 18.8%) (F2020: 19.4%).

	2020 Rm	2019 Rm	2020 Rm
Opening balance	**238**	251	251
Fair value loss	**–**	(4)	(13)
Closing balance	**238**	247	238

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

9 TRADE AND OTHER RECEIVABLES

The increase in trade and other receivables is largely as a result of an increase in revenue during the reporting period.

Trade and other receivables contain provisional pricing features linked to commodity prices and exchange rates, which have been designated to be measured at fair value through profit or loss because of the embedded derivative. This is a level 2 valuation in terms of IFRS.

Trade and other receivables include a contract asset from Assmang of R577 million (1H F2020: nil) (F2020: nil). The contract asset resulted from revised fee arrangements whereby fees received from Assmang only become payable following receipt by Assmang from the relevant customer.

	Reviewed Six months ended 31 December	Unaudited Six months ended 31 December	Audited Year ended 30 June
	2020 Rm	2019 Rm	2020 Rm
10 FINANCIAL ASSETS			
Investments in fixed deposits			
Current financial assets			
– ARM Corporate	**27**	–	1 074
– ARM Finance Company SA[1]	**165**	–	–
– Two Rivers	**26**	–	25
– Modikwa	**105**	–	105
– Nkomati	**85**	–	51
– Other	**51**	–	54
	459	–	1 309
Non-current financial assets			
– ARM Coal	**43**	–	41
– Modikwa	**1**	–	–
– Mannequin Captive Cell (Cell AVL 18) (refer note 21)	**178**	–	189
	222	–	230
Total	**681**	–	1 539

[1] *During 1H F2021 ARM Finance Company SA invested R183 million in fixed deposits with maturities longer than three months. The amount was translated at the 31 December 2020 closing rate resulting in a foreign currency translation loss of R18 million.*

During F2020, a portion of cash and cash equivalents was invested in fixed deposits with maturities longer than three months to achieve better returns. R1 072 million matured and were not re-invested in new investments with maturities of longer than three months and now form part of cash and cash equivalents. The carrying amounts of the financial assets shown above approximate their fair value.

The following guarantees issued are included in financial assets:
- Guarantees issued by Two Rivers to DMRE, Eskom and BP Oil amounting to R26 million (F2020: R25 million).
- Guarantees issued by Nkomati to DMRE and Eskom amounting to R85 million (F2020: R51 million).
- Guarantees issued by Modikwa to DMRE and Eskom amounting to R105 million (F2020: R105 million).

Other includes short-term portion of Mannequin of R36 million (F2020: R39 million) and trust funds of R15 million (F2020: R15 million).

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
11 CASH AND CASH EQUIVALENTS			
Total cash at bank and on deposit	**6 083**	3 605	4 970
African Rainbow Minerals Limited	**5 383**	2 449	3 294
ARM BBEE Trust	**4**	2	66
ARM Coal	**7**	–	9
ARM Finance Company SA	**83**	237	295
ARM Platinum Proprietary Limited	**491**	814	1 217
ARM Treasury Investments Proprietary Limited	**41**	41	41
Nkomati	**12**	29	1
Two Rivers Platinum Proprietary Limited	**38**	13	21
Other cash at bank and deposit	**24**	20	26
Total cash set aside for specific use	**732**	1 288	745
Mannequin Cell Captive[1]	**672**	937	644
Rehabilitation trust funds[1]	**47**	198	45
Other cash set aside for specific use[1]	**13**	153	56
Total as per statement of financial position	**6 815**	4 893	5 715
Less: Overdrafts (refer note 12)	**(330)**	(280)	(203)
Total as per statement of cash flows	**6 485**	4 613	5 512

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

[1] *Cash set aside for specific use in respect of the group includes:*
- *Mannequin captive cell is used as part of the group insurance programme. The cash held in the cell is invested in highly liquid investments and is used to settle claims as and when they arise as part of the risk finance retention strategy.*
- *The ARM Trust of R2 million (1H F2020: R20 million) (F2020: R12 million).*
- *Guarantees issued by ARM Coal to DMRE amounting to R43 million (1H F2020: R80 million) (F2020: R41 million).*
- *Guarantees issued by Two Rivers to DMRE, Eskom and BP Oil amounting to R4 million (1H F2020: R28 million) (F2020: R4 million).*
- *Guarantees issued by Nkomati to DMRE and Eskom amounting to R11 million (1H F2020: R93 million) (F2020: R44 million).*
- *Guarantees issued by Modikwa to DMRE and Eskom amounting to Rnil (1H F2020: R104 million) (F2020: Rnil).*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

		Reviewed Six months ended 31 December 2020 Rm	Unaudited Restated[1] Six months ended 31 December 2019 Rm	Restated[1] Year ended 30 June 2020 Rm
12	**BORROWINGS**			
	Long-term borrowings are held as follows:			
	– ARM BBEE Trust	**302**	301	316
	– ARM Coal Proprietary Limited[1]	**1 070**	1 122	1 016
	– African Rainbow Minerals Limited (lease liability)	**2**	4	2
	– Anglo Platinum Limited (lease liability)	**33**	–	39
	– Two Rivers Platinum Proprietary Limited	**–**	70	–
	– Two Rivers Platinum Proprietary Limited (lease liability)	**144**	92	192
		1 551	1 589	1 565
	Short-term borrowings are held as follows:			
	– Anglo Platinum Limited (partner loan)	**8**	104	67
	– Anglo Platinum Limited (lease liability)	**20**	–	23
	– ARM Coal Proprietary Limited (lease liability)	**2**	10	6
	– African Rainbow Minerals Limited (lease liability)	**4**	3	3
	– Nkomati	**–**	2	–
	– Two Rivers Platinum Proprietary Limited	**–**	82	–
	– Two Rivers Platinum Proprietary Limited (lease liability)	**88**	7	111
		122	208	210
	Overdrafts are held as follows:			
	– Nkomati	**–**	–	26
	– Two Rivers Platinum Proprietary Limited	**313**	260	150
	– Other	**17**	20	27
		330	280	203
	Overdrafts and short-term borrowings	**452**	488	413
	Total borrowings	**2 003**	2 077	1 978

[1] *Long-term borrowings have been restated (refer note 5).*

The carrying amounts of the financial liabilities shown above approximate their fair value.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

		Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
13	**CAPITAL ITEMS**			
	Impairment loss on property, plant and equipment – Machadodorp Works	**–**	–	(7)
	Loss on sale of Lubambe – other	**–**	(6)	(6)
	Impairment loss on property, plant and equipment and intangible assets – ARM Coal	**–**	–	(559)
	Impairment loss on investment in 20.2% PCB – ARM Coal	**–**	–	(1 121)
	Capital items per statement of profit or loss before taxation effect	**–**	(6)	(1 693)
	Impairment loss on investment in Sakura accounted for directly in joint venture – Assmang	**(169)**	–	–
	Impairment loss on property, plant and equipment accounted for directly in joint venture – Assmang	**–**	–	(7)
	Impairment loss on property, plant and equipment accounted for directly in associate – ARM Coal	**–**	(6)	(4)
	Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**(2)**	(18)	(31)
	Capital items before taxation effect	**(171)**	(30)	(1 735)
	Taxation accounted for directly in associate ARM Coal – impairment loss at ARM Coal	**–**	2	1
	Taxation accounted for in joint venture – loss on sale of property, plant and equipment – Assmang	**–**	5	9
	Taxation on impairment loss on sale of property, plant and equipment and intangible assets – ARM Coal	**–**	–	156
	Total amount adjusted for headline earnings	**(171)**	(23)	(1 569)

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

		Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
14	**EARNINGS PER SHARE**			
	Headline earnings (R million)	**5 039**	2 155	5 534
	Headline earnings per share (cents)	**2 587**	1 114	2 850
	Basic earnings per share (cents)	**2 499**	1 102	2 042
	Diluted headline earnings per share (cents)	**2 560**	1 097	2 807
	Diluted basic earnings per share (cents)	**2 474**	1 085	2 011
	Number of shares in issue at end of the period (thousands)	**224 410**	223 879	223 326
	Weighted average number of shares (thousands)	**194 810**	193 444	194 188
	Weighted average number of shares used in calculating diluted earnings per share (thousands)	**196 817**	196 448	197 170
	Net asset value per share (cents)	**15 800**	13 307	14 365
	EBITDA (R million)	**5 089**	1 520	3 923
	Interim dividend declared (cents per share)	**1 000**	500	500
	Dividend declared after period end (cents per share)	**–**	–	700
	Reconciliation to headline earnings			
	Basic earnings attributable to equity holders of ARM	**4 868**	2 132	3 965
	Loss on sale of Lubambe – other	**–**	6	6
	Impairment loss on property, plant and equipment – Machadodorp Works	**–**	–	7
	Impairment loss of property, plant and equipment in joint venture – Assmang	**–**	–	7
	Impairment loss on investment in Sakura in joint venture – Assmang	**169**	–	–
	Impairment loss of property, plant and equipment in associate – ARM Coal	**–**	6	4
	Impairment loss on property, plant and equipment and intangible assets – ARM Coal	**–**	–	559
	Impairment loss on investment in 20.2% PCB – ARM Coal	**–**	–	1 121
	Loss on sale of property, plant and equipment in joint venture – Assmang	**2**	18	31
		5 039	2 162	5 700
	Taxation accounted for in associate ARM Coal – impairment loss at ARM Coal	**–**	(2)	(157)
	Taxation accounted for in joint venture – loss on disposal of fixed assets at Assmang	**–**	(5)	(9)
	Headline earnings	**5 039**	2 155	5 534

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

15 RE-MEASUREMENT GAINS AND LOSSES

ARM Coal

Included in other operating (expenses)/income and profit from associate are re-measurements with no tax effect relating to the GGV and PCB loans. The gain and loss is as a result of a re-measurement of debt between ARM and Glencore Operations South Africa Proprietary Limited (GOSA) and ARM Coal Proprietary Limited.

	Reviewed Six months ended 31 December **2020 Rm**	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
The re-measurement adjustments are as follows:			
Other operating expenses (loss)/income gain – ARM Coal segment	**(23)**	1	206
Other operating expenses (loss) – ARM Corporate	**(3)**	–	(59)
Re-measurement (loss)/gain in other operating (expenses)/income	**(26)**	1	147
Income from associate (re-measurement gain on loans) – (refer note 6)	**25**	103	279
Net ARM Coal re-measurement (loss)/gain	**(1)**	104	426

The re-measurements are as a result of changes in the future repayment cash flows applied to the net present value calculations. The discount rate used in the calculation of the re-measurement is 10%. A US$1 increase in commodity prices would increase the re-measurement loss by R68 million (1H F2020: R26 million) (F2020: R6 million).

A US$1 decrease in commodity prices would decrease the re-measurement loss by R66 million (1H F2020: R26 million) (F2020: R17 million). This is a level 3 valuation in terms of IFRS 13.

Modikwa

Included in other operating expenses for 1H F2021 is a re-measurement loss attributable to ARM of R6 million. The re-measurement loss in Modikwa of R129 million (1H F2020: R62 million) (F2020: R135 million) is partially eliminated against a re-measurement gain in ARM company of R123 million (1H F2020: R59 million) (F2020: R127 million).

	2020 Rm	2019 Rm	2020 Rm
The re-measurement adjustments are as follows:			
Other operating expense (loss) – ARM Platinum segment	**(107)**	(51)	(112)
Re-measurement loss	**(129)**	(62)	(135)
Non-controlling interest	**22**	11	23
Other operating income gain – ARM Corporate	**123**	59	127
Net Modikwa re-measurement gain/(loss)	**16**	8	15

The re-measurements are as a result of changes in the future repayment cash flows applied to the net present value calculations. The discount rate used in the calculation of the re-measurement is 5%. This a level 3 valuation in terms of IFRS 13.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

		Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
16	**OTHER OPERATING INCOME**			
	Management fees	**779**	351	733
	Insurance income	**42**	41	84
	Foreign exchange gains	**2**	5	9
	Royalties received	**35**	18	80
	Re-measurement gains (refer note 15)	**–**	5	147
	Other	**113**	68	107
	Total	**971**	488	1 160
17	**(LOSS)/INCOME FROM ASSOCIATE**			
	Loss (before re-measurement/fair value on loans)	**(112)**	(93)	(246)
	Re-measurement (refer note 15)	**25**	103	279
	Total	**(87)**	10	33
18	**TAXATION**			
	South African normal tax – current year	**919**	195	758
	– mining	**741**	115	589
	– non-mining	**178**	80	169
	– prior year	**–**	–	(64)
	Deferred tax – current year	**446**	339	382
	Total taxation	**1 365**	534	1 076
19	**CASH GENERATED FROM OPERATIONS**			
	Cash generated from operations before working capital movement	**5 613**	2 201	5 055
	Working capital outflow	**(3 587)**	(1 280)	(1 189)
	Movement in inventories outflow	**(17)**	(23)	(3)
	Movement in payables and provisions outflow	**(420)**	(442)	(1 029)
	Movement in receivables outflow	**(3 150)**	(815)	(157)
	Cash generated from operations (per statement of cash flows)	**2 026**	921	3 866

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

20 RELATED PARTIES

The group in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations. Transactions between the company, its subsidiaries and joint operations relate to fees, insurances, dividends, rentals and interest and are regarded as intra-group transactions and eliminated on consolidation.

	Reviewed Six months ended 31 December	Unaudited Restated Six months ended 31 December	Restated Year ended 30 June
	2020 Rm	2019 Rm	2020 Rm
Amounts accounted in the statement of profit or loss relating to transactions with related parties			
Subsidiaries			
Impala Platinum – sales	**5 341**	2 665	6 173
Joint operations			
Anglo American Platinum – sales	**1 957**	1 555	3 093
Joint venture			
Assmang Proprietary Limited			
– Management services	**744**	346	730
– Dividends received	**1 500**	2 000	3 750
Amounts outstanding at year end (owing to)/ receivable by ARM on current account			
Joint venture			
Assmang – trade and other receivables	**577**	80	110
Joint operations			
Anglo American Platinum – trade and other receivables	**1 267**	956	660
Norilsk Nickel – trade and other payables	**(2)**	(2)	(4)
Norilsk Nickel – trade and other receivables	**218**	79	61
Anglo American Platinum – short-term borrowings	**(8)**	(104)	(66)
Glencore Operations SA – long-term borrowings[1]	**(1 070)**	(1 122)	(1 016)
Glencore Operations SA – loans and long-term receivables[1]	**–**	–	–
Glencore Operations SA – trade and other receivables[1]	**257**	409	383
TEAL Minerals (Barbados)	**6**	6	8
Subsidiary			
Impala Platinum – trade and other receivables	**3 639**	1 801	1 812
Impala Platinum – dividend paid	**368**	77	566

[1] *Comparative information has been restated. Refer note 5 for more detail.*

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

	Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
21 PROVISIONS			
Silicosis and tuberculosis class action provision			
Long-term provisions			
The provision movement is as follows:			
Opening balance	**189**	319	319
Settlement payments	**(24)**	(68)	(92)
Interest unwinding	**9**	13	25
Demographic assumptions changes	**–**	–	(12)
Transfer from/(to) short-term provisions	**4**	(48)	(51)
Closing balance	**178**	216	189
Short-term provisions			
The provision movement is as follows:			
Opening balance	**51**	–	–
Transfer (to)/from long-term provisions	**(4)**	48	51
Closing balance	**47**	48	51
Total silicosis and tuberculosis class action provision	**225**	264	240

ARM has a contingency policy in this regard which covers environmental site liability and silicosis liability with Guardrisk Insurance Company Limited (Guardrisk). In turn, Guardrisk has reinsured the specified risks with Mannequin Insurance PCC Limited – Cell AVL 18, Guernsey which cell captive is held by ARM.

Following the High Court judgment previously reported, the Tshiamiso Trust was registered in November 2019. As part of the settlement a guarantee of R304 million was issued by Guardrisk on behalf of ARM in favour of the Tshiamiso Trust on 13 December 2019.

Details of the provision were discussed in the 30 June 2020 financial results, which can be found on **www.arm.co.za**.

NOTES TO THE CONDENSED GROUP INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

		Reviewed Six months ended 31 December 2020 Rm	Unaudited Six months ended 31 December 2019 Rm	Audited Year ended 30 June 2020 Rm
22	**COMMITMENTS**			
	Commitments in respect of future capital expenditure which will be funded from operating cash flows and by utilising debt facilities at entity and corporate levels, are summarised below:			
	Approved by directors			
	– contracted for	**647**	181	228
	– not contracted for	**44**	93	–
	Total commitments	**691**	274	228

23 CONTINGENT LIABILITIES, DISPUTES AND GUARANTEES

23.1 Assmang

Guarantees

A guarantee was issued by Assmang to United Overseas Bank (UOB) in December 2019 amounting to US$33 million (100%), US$16 million being attributable to ARM. This guarantee relates to the US$60 million (100%) credit facility from UOB to Sakura. US$25 million (100%) of the facility was drawn down by Sakura during 1H F2021.

Disputes

Eskom issued an invoice to Assmang, claiming an amount of R89 million plus interest for alleged liquidated damages incurred by it. In January 2020, Eskom served summons on Assmang, for the invoiced amount. Assmang has filed a notice of intention to defend. Despite the summons having been served on Assmang, the parties have agreed to negotiate the settlement of this matter. During 1H F2021, the parties agreed to a settlement amount of R69 million, the provision for this amount is included in the condensed group interim financial statements for the six months ended 31 December 2020.

23.2 Nkomati

Contingent liabilities

The Nkomati Mine closure may have a potential exposure regarding rehabilitation and management of water post closure. There are uncertainties regarding the ongoing assessment of long-term water management measures, and anticipated amendments to the existing Water Use Licence (WUL). Technical studies towards providing an integrated Water Management Plan are underway. The results of the studies will be used as input towards a risk assessment that is required to apply for an amended WUL, such as applying for authorised water discharges. The WUL conditions are not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process is uncertain. The obligation will be recognised when it is probable and can be reliably estimated.

The environmental rehabilitation provision at 31 December 2020 is the best independent estimate and is based on the most reliable information currently available. It will be re-assessed on an ongoing basis as engineering designs evolve and new information becomes available, as well as when approvals of a revised Environmental Management Plan and Water Use Licence are secured.

There have been no other significant changes in the contingent liabilities, disputes and guarantees of the group as disclosed since the 30 June 2020 annual financial statements.

For a detailed disclosure on contingent liabilities, disputes and guarantees, refer to ARM's annual financial statements for the year ended 30 June 2020 available on the group's website **www.arm.co.za**.

24 EVENTS AFTER REPORTING DATE

Since the period end, ARM received a dividend of R2 500 million from Assmang.

Harmony declared an interim dividend of 110 cents per share. At 31 December 2020 and at the date of this report, ARM owned 74 665 545 Harmony shares.

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

CONTACT DETAILS AND ADMINISTRATION

African Rainbow Minerals Limited
Incorporated in the Republic of South Africa
Registration number 1933/004580/06
ISIN code: ZAE000054045

Registered office
ARM House
29 Impala Road
Chislehurston, Sandton, 2196
South Africa

PO Box 786136, Sandton, 2146
South Africa

Telephone: +27 11 779 1300
E-mail: ir.admin@arm.co.za
Website: http://www.arm.co.za

Transfer secretaries
Computershare Investor Services
Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196

Private Bag X9000, Saxonwold, 2132

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Sponsor
Investec Bank 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 health-related epidemics and pandemics, including Covid-19, HIV and Aids 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
Dr PT Motsepe *(Executive Chairman)*, MP Schmidt *(Chief Executive Officer)*, F Abbott*, M Arnold**, TA Boardman*, AD Botha*, JA Chissano (Mozambican)*, WM Gule*, AK Maditsi*, J Magagula, TTA Mhlanga, HL Mkatshana, PJ Mnisi*, DC Noko*, Dr RV Simelane*, JC Steenkamp*

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

Investor relations
Jongisa Magagula
Executive Director: Investor Relations and New Business Development
Telephone: +27 11 779 1300
Email: jongisa.magagula@arm.co.za

Group company secretary and governance officer
Alyson D'Oyley, BCom, LLB, LLM
Telephone: +27 11 779 1300
Email: alyson.doyley@arm.co.za

THE OAK TREE GROUP

African Rainbow Minerals

www.arm.co.za