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DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's Directors are responsible for the overall coordination of the preparation and fair presentation to shareholders of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 71 of 2008, as amended. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Audit and Risk Committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Group annual financial statements. A description of the Audit and Risk Committee's functions is included in this Integrated Annual Report.

The Board considers that in preparing the financial statements the most appropriate accounting policies have been consistently

applied and supported by reasonable and prudent judgements and estimates in accordance with IFRS. The Directors are satisfied that the annual financial statements of the Group fairly present the results of operations and the financial position for the Group at year-end and that the additional information included in this Integrated Annual Report is accurate and consistent with the financial statements.

The responsibility of the external auditor, Ernst & Young Inc., is to express an independent opinion on the fair presentation of the annual financial statements based on their audit of the Group. The Audit and Risk Committee has satisfied itself that the external auditor was independent.

The consolidated annual financial statements on pages 207 to 299 were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Johannesburg
12 October 2016

Mike Schmidt
Chief Executive Officer

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, to the best of my knowledge and belief, that in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, for the year ended 30 June 2016, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices which are required for a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley
Company Secretary

Johannesburg
12 October 2016

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee appointed in respect of the F2016 financial year of ARM in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

Information on the membership and composition of the Audit and Risk Committee, its Terms of Reference and its procedures is described more fully in the Corporate Governance Report on pages 164 to 165 of this Integrated Annual Report, of which the consolidated annual financial statements form a part.

EXECUTION OF FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has executed its duties and responsibilities during the financial year in accordance with its Terms of Reference as they relate to ARM's accounting, internal auditing, internal control, risk and financial reporting practices.

During the year under review:

In respect of the external auditor and the external audit, the Audit and Risk Committee, *inter alia*:

- > identified Mr L I N Tomlinson through the partner rotation and succession process to succeed Mr E A L Botha as the designated auditor and recommended to shareholders that Mr Tomlinson be appointed as the designated auditor for the financial year ended 30 June 2016;
- > recommended to shareholders that Ernst & Young Inc. be re-appointed as the external auditor and that Mr L I N Tomlinson be re-appointed as the designated auditor for the financial year ending 30 June 2017;
- > ensured that the appointment of the external auditor complied with the Companies Act and all applicable legal and regulatory requirements for the appointment of the external auditor. The Audit and Risk Committee confirmed that the external auditor and designated auditor are accredited by the JSE;
- > approved the external audit plan and the budgeted audit fees payable to the external auditor;
- > reviewed and evaluated the effectiveness of the external auditor and its independence;
- > obtained and accepted an annual written statement from the auditor that its independence was not impaired;
- > determined the nature and extent of all non-audit services provided by the external auditor; and
- > pre-approved all permissible non-audit services provided by the external auditor in terms of its Policy on the Approval of Audit Services and the Pre-approval of Non-Audit Services.

In respect of the financial statements, the Audit and Risk Committee, *inter alia*:

- > confirmed the going concern status of the Group as the basis of preparation of the interim, provisional and annual financial statements;
- > examined and reviewed the interim, provisional and annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the Board;

- > ensured that the annual financial statements fairly present the financial position of the Group as at the end of the financial year and the results of operations and cash flows for the financial year of the Group, in accordance with International Financial Reporting Standards and the requirements of the Companies Act;
- > considered accounting treatments, significant unusual transactions and accounting judgements;
- > considered the appropriateness of the accounting policies adopted and changes thereto;
- > reviewed the Independent Auditor's Report;
- > in terms of the letter from the JSE Limited on the Proactive Monitoring Process dated 15 February 2016, considered the JSE's report entitled "Reporting Back on Proactive Monitoring of Financial Statements of 2015";
- > considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- > considered management's recommendation to the Board on the dividend paid to shareholders; and
- > met separately with management, the external auditor and the internal auditor.

In respect of internal control and internal audit, the Audit and Risk Committee, *inter alia*:

- > reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal auditor;
- > reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings;
- > considered the reports of the internal auditor and external auditor on the Group's systems of internal control, including financial controls, business risk management and maintaining effective internal control systems:
 - the internal auditor's report on internal financial controls for the year ended 30 June 2016, based on negative assurance, delivered an assessment of "Acceptable with room for improvement". The internal auditor specifically confirmed that, based on the scope of their assignment, no material breakdown in internal financial controls had come to their attention; and
 - the internal auditor's report on internal controls and enterprise risk management for the year ended 30 June 2016, based on negative assurance, delivered an assessment of "Acceptable with room for improvement". Based on their scope, the internal auditor confirmed that no material breakdown in internal controls had come to their attention.
- > has considered the effectiveness of the systems of internal financial controls of the Group taking into consideration reports by management and the above-mentioned reports by the internal auditor thereon and have also considered the reports by the external auditor on the annual financial statements; and

- > based on the above, concluded that nothing had come to its attention that would suggest that the internal financial controls were not effective for the year ended 30 June 2016. In addition, the Audit and Risk Committee has considered the accounting practices and the annual financial statements of the Group and consider these to be fair and reasonable.

In respect of risk management, the Audit and Risk Committee, in its oversight role of the Management Risk and Compliance Committee:

- > reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management and implementation thereof throughout the Group;
- > ensured that the Group has applied a Combined Assurance Model in support of a coordinated approach to all assurance activities;
- > reviewed the communication of risks to stakeholders in the Integrated Annual Report; and
- > considered and reviewed the findings and recommendations of the Management Risk and Compliance Committee.

In respect of legal and regulatory requirements to the extent that they may have an impact on the financial statements, the Audit and Risk Committee, *inter alia*:

- > reviewed with management and, to the extent deemed necessary, internal and/or external counsel, legal matters that could have a material impact on the Group;
- > discharged those statutory obligations of an audit committee as prescribed by Section 94 of the Companies Act;
- > monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters; and
- > considered reports provided by management, the internal auditor and the external auditor regarding compliance with legal and regulatory requirements.

The Audit and Risk Committee also considered the experience and expertise of the Financial Director and concluded that these were appropriate.

QUALIFICATIONS OF AUDIT AND RISK COMMITTEE MEMBERS¹

Audit and Risk Committee member ²	Academic qualifications	Other ARM Board Committees ³	Date first appointed to ARM Board	Date first appointed to Audit and Risk Committee
T A Boardman (Chairman)	BCom, CA(SA)	Member of the Remuneration Committee	1 February 2011	1 February 2011
F Abbott	BCom, CA(SA), MBL	Member of the Investment Committee and the Remuneration Committee	30 April 2004	4 December 2015
Dr M M M Bakane-Tuane	BA (Econ & Stats), MA (Econ), PhD (Econ)	Chairman of the Remuneration Committee and a member of the Nomination Committee and the Social and Ethics Committee	30 April 2004	4 July 2008
A D Botha	BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)	Member of the Investment Committee and the Remuneration Committee	1 August 2009	9 June 2010
A K Maditsi	BProc, LLB, H Dip Co Law, LLM	Lead Independent Non-executive Director, Chairman of the Nomination Committee and the Non-executive Directors' Committee and a member of the Investment Committee, the Remuneration Committee and the Social and Ethics Committee	30 April 2004	12 July 2004
Dr R V Simelane	BA (Econ and Acc), MA, PhD (Econ), LLB	Chairman of the Social and Ethics Committee and a member of the Nomination Committee	30 April 2004	12 July 2004

¹ The curricula vitae of the Audit and Risk Committee members may be found on pages 201 to 203.

² All of the current members of the Audit and Risk Committee are Independent Non-executive Directors.

³ All of the Audit and Risk Committee members are members of the Non-executive Directors' Committee.

REPORT OF THE AUDIT AND RISK COMMITTEE continued

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit and Risk Committee is satisfied that Ernst & Young Inc. is independent of ARM. The conclusion was arrived at, *inter alia*, after taking into account the following factors:

- > representations made by Ernst & Young Inc. to the Audit and Risk Committee;
- > the external auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Group;
- > the external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- > the external auditor's independence was not prejudiced as a result of any previous appointment as auditor.

Following our review of the consolidated annual financial statements for the year ended 30 June 2016, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards as issued by the International Accounting Standards Board, and fairly present the consolidated results of operations, cash flows, and the financial position of ARM. On this basis, the Audit and Risk Committee recommended the consolidated annual financial statements of ARM as set out in the 2016 Integrated Annual Report to the Board for approval. The Board subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit and Risk Committee

T A Boardman

Chairman of the Audit and Risk Committee

12 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFRICAN RAINBOW MINERALS LIMITED

We have audited the consolidated financial statements of African Rainbow Minerals Limited, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, the Directors' Report and the notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 212 to 290.

DIRECTORS' RESPONSIBILITY

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of African Rainbow Minerals Limited as at 30 June 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated financial statements for the year ended 30 June 2016, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firms, have been the auditor of African Rainbow Minerals Limited for 43 years.

In 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd and Harmony Gold Mining Company Limited. Ernst & Young Inc. has been the auditor of the group for 12 years.

We confirm that we are independent in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors and other independence requirements applicable to the independent audit of African Rainbow Minerals Limited.

Ernst & Young Inc.

Director – Lance Ian Neame Tomlinson
Registered Auditor
Chartered Accountant (SA)

EY
102 Rivonia Road
Sandton
2146

12 October 2016

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on the consolidated annual financial statements of African Rainbow Minerals Limited (ARM or the Company) for the year ended 30 June 2016.

NATURE OF BUSINESS

ARM is a niche, diversified South African mining company with excellent long-life, low unit cost operations in key commodities. ARM, its subsidiaries, joint arrangements (which include joint ventures and joint operations) and associates explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious metals, base metals, ferrous metals and alloys, which include platinum group metals, nickel, copper, coal, iron ore, manganese ore, chrome ore, ferro manganese and silica manganese. ARM also has an investment in Harmony Gold Mining Company Limited.

ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

ARM's assets in the rest of Africa are held in a 50:50 incorporated joint operation with Vale SA. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Mine. Vale and ARM each hold 50% of the remaining 80% interest.

HOLDING COMPANY

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.25% of the issued ordinary share capital of the Company as at 30 June 2016. The sole shareholder of ARMI is Ubuntu-Ubuntu Commercial Enterprises (Pty) Ltd, the shares of which are held by trusts all of which, except The Motsepe Foundation, own those shares for the benefit of Mr P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes.

In addition, at 30 June 2016, 0.51% of the issued share capital of ARM was held by Botho-Botho Commercial Enterprises (Pty) Ltd, all the shares of which are beneficially owned by trusts which trusts, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family.

ARM is one of the largest black-controlled mineral resource companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act 28 of 2002, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end and for the benefit of Historically Disadvantaged South Africans (HDSAs), the Company created the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust). The beneficiaries of the ARM BBEE Trust include seven regional upliftment trusts, a women's upliftment trust, union representatives, a church group and community leaders. The ARM BBEE Trust was restructured in April 2016 to provide a more permanent and sustainable funding solution for the trust. The trust owns

15 897 412 ARM shares (30 June 2015: 28 614 740 ARM shares) which is equivalent to 7.29% of the ARM issued share capital at 30 June 2016. As part of the restructuring, the ARM BBEE Trust sold 12 717 328 ARM shares to a wholly-owned subsidiary of ARM, which subsidiary holds these shares as treasury shares.

REVIEW OF OPERATIONS

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Financial Director and the review of operations, which report on the Group's activities and results for the year ended 30 June 2016, on pages 14 to 31 and 72 to 121.

CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance. These standards are evident throughout the Company's systems of internal controls, practices, policies and procedures. They provide the framework for innovation while ensuring the sustainability of the business. The Board continuously reviews governance matters and control systems to ensure that these are in line with international best practices. The Board considers that, for the year under review, the Company applied the principles of King III.

For details of how the Company applies the King III principles, see the comprehensive King III checklist on ARM's corporate website: www.arm.co.za



FINANCIAL RESULTS

The consolidated annual financial statements and accounting policies appear on pages 222 to 290 of this report. The results for the year ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited. The consolidated annual financial statements fairly present the state of affairs of the Group and adequate accounting records have been maintained.

The 2016 Company Annual Financial Statements appear on the Company's website www.arm.co.za



BORROWINGS AND CASH

Total borrowings at 30 June 2016 amounted to R5.56 billion (F2015: R3.88 billion). The increase in borrowings is largely due to the increase in the amount owing on the ARM Corporate facility of R1 400 million at 30 June 2016 and the inclusion of the Nedbank and Harmony loans to the ARM BBEE Trust in long-term borrowings. There are no interest-bearing borrowings at ARM Ferrous. Cash and cash equivalents decreased by R941 million to R1.32 billion as at 30 June 2016. As a result, ARM is in a net debt position of R4.24 billion (F2015: net debt position of R1.62 billion). ARM's borrowings are fully described in notes 16, 21 and 39 to the financial statements.

There are no borrowing power provisions in ARM's Memorandum of Incorporation.

GOING CONCERN

To make a determination as to whether the Group is considered to be a going concern, the Directors have considered facts and assumptions, including the Group's cash flow forecasts for the period to the end of June 2017. The Board believes that the Group has adequate resources to continue business in the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

TAXATION

The latest tax assessment for the Company relates to the year ended June 2014. All tax submissions up to and including June 2015 have been submitted.

SUBSIDIARIES, JOINT ARRANGEMENTS, ASSOCIATES AND INVESTMENTS

The Company's direct and indirect interests in its principal subsidiaries, joint arrangements (which include joint ventures and joint operations), associates and investments are reflected in separate schedules presented on pages 289 to 290.

DIVIDEND

The tenth annual gross dividend of 225 cents per share declared on 8 September 2016 in respect of the year ended 30 June 2016 (F2015: 350 cents per share) amounted to a distribution of approximately R491 million. In accordance with the requirements of Section 4 of the Companies Act 71 of 2008, as amended, the Board determined that the solvency and liquidity requirements prescribed therein were met for the payment of the dividend.

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

- > the dividend has been declared out of income reserves;
- > the South African Dividends Withholding Tax (Dividends Tax) rate is 15% (fifteen percent);
- > the gross local dividend amount was 225 cents per ordinary share for shareholders exempt from the Dividends Tax;
- > the net local dividend amount was 191.25 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- > as at the date of the dividend declaration, ARM had 218 032 467 ordinary shares in issue; and
- > ARM's income tax reference number is 9030/018/60/1.

CAPITAL EXPENDITURE

Capital expenditure for F2016 amounted to R930 million (F2015: R1 496 million). Full details are set out in the Operational reviews on pages 72 to 121.

EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, and further to the announcement dated 29 July 2016, the Dwarsrivier transaction was concluded. No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.

SHARE CAPITAL

The share capital of the Company, both authorised and issued, is set out in note 14 to the consolidated annual financial statements. A specific share repurchase took place in April 2016, when the ARM BBEE Trust was restructured as described above whereby a wholly-owned subsidiary of ARM purchased 12 717 328 ARM shares from the ARM BBEE Trust.

SHAREHOLDER ANALYSIS

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2016, is set out in the shareholder analysis on pages 298 and 299.

DIRECTORATE

The composition of the Board is set out on page 159. *Curricula vitae* of the Directors may be found on pages 200 to 203.

Mr W M Gule, formerly an Executive Director of the Company, became a Non-executive Director on 1 July 2013. With effect from 1 August 2016, Mr Gule became an Independent Non-executive Director.

The Memorandum of Incorporation provides for one-third of the previously elected Non-executive Directors to retire by rotation. The Non-executive Directors affected by this requirement are Messrs F Abbott, T A Boardman and W M Gule, each of whom is available for re-election at the forthcoming Annual General Meeting.

DIRECTORS' REPORT continued

INTERESTS OF DIRECTORS

The direct and indirect beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company were as follows:

	30 June 2016				30 June 2015			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	84 651 ¹	–	88 862 749	–	292 404 ²	–	88 570 345	–
M Arnold	36 782	–	–	–	17 964	–	–	–
A D Botha	–	–	22 450	–	–	–	22 450	–
M P Schmidt	–	–	66 548	–	–	–	18 726	–
R V Simelane, Dr	1 350	–	–	–	–	–	–	–
H L Mkatshana	15 969	–	–	–	–	–	–	–
A J Wilkens	–	–	408 532	–	–	–	331 604	–
	138 752	–	89 360 279	–	310 368	–	88 943 125	–

¹ These shares were acquired by subscription and were transferred to African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) after 30 June 2016. All the shares of ARMI are held and beneficially owned by trusts, which trusts, except with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its shareholding in ARMI for philanthropic purposes.

² These shares were transferred to Botho-Botho Commercial Enterprises (Pty) Ltd during F2016.

No other Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company between 30 June 2016 and the date of this report.

REMUNERATION REPORT: PART II

Part I of the Remuneration Report may be found on pages 187 to 196 of the Corporate Governance Report.

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees. Additional information regarding the fixed and variable components of Executive Directors' remuneration packages is detailed in Part I of the Remuneration Report found on pages 187 to 196.

The table below sets out the emoluments paid to Executive Directors and Prescribed Officers during the years ended 30 June 2016 and 30 June 2015.

The Board has determined the Prescribed Officers of the Company in terms of Section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in Section 38 of the Regulations thereto.

EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All figures in R000	Salary F2016	Pension scheme contributions F2016	Allowances F2016	Total gross annual package F2016 ⁵	Accrued bonus F2016 ⁶	Total F2016	Total gross annual package F2015	Accrued bonus F2015 ⁷	Total F2015
Executive Directors									
P T Motsepe ¹	8 558	–	2	8 560	–	8 560	8 320	–	8 320
M P Schmidt	6 378	526	163	7 067	3 851	10 918	6 795	–	6 795
M Arnold	4 669	442	122	5 233	2 566	7 799	5 031	–	5 031
H L Mkatshana ²	3 216	356	76	3 648	1 788	5 436	1 373	–	1 373
D V Simelane ³	–	–	–	–	–	–	2 113	–	2 113
A J Wilkens	6 830	–	127	6 957	3 339	10 296	6 688	–	6 688
Total for Executive Directors	29 651	1 324	490	31 465	11 544	43 009	30 320	–	30 320
Prescribed Officers⁴									
A Joubert	3 602	404	167	4 173	2 063	6 236	4 038	–	4 038
J C Steenkamp	5 738	621	450	6 809	3 369	10 178	6 551	–	6 551
F A Uys	3 260	326	62	3 648	1 739	5 387	3 507	–	3 507
Total for Prescribed Officers	12 600	1 351	679	14 630	7 171	21 801	14 096	–	14 096
Total for Executive Directors and Prescribed Officers	42 251	2 675	1 169	46 095	18 715	64 810	44 416	–	44 416

¹ See the paragraph below the table for additional information about accrued bonus.

² Mr H L Mkatshana was appointed as an Executive Director with effect from 7 February 2015.

³ Mr D V Simelane resigned as an Executive Director on 6 February 2015.

⁴ Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a).

⁵ Total gross annual package before bonus.

⁶ See pages 190 and 191 for additional information about cash bonuses payable in respect of F2016.

⁷ All Executive Directors and Prescribed Officers waived 100% of any cash bonuses payable in respect of F2015. Bonus shares and a matching equivalent number of performance shares were awarded in F2016. See pages 190 to 191 and 193.

The Board approved a salary increase of 4% in F2017 for Executive Directors and Prescribed Officers, as more fully described in Part I of the Remuneration Report on pages 185 and 189.

The Company enters into employment agreements with Executive Directors and senior executives on a total cost-to-company basis. Executive Directors and senior executives structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

As discussed in greater detail in Part I of the Remuneration Report on pages 185, 186 and 193, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2016, the Executive Chairman waived his F2016 bonus.

Performance against bonus targets for F2016 were as follows:

- Profitability targets (on a profit before interest and tax basis) were exceeded for ARM Ferrous whereas ARM Platinum, ARM Coal and ARM Copper did not achieve their profitability targets.
- Unit cost targets were exceeded for most operations. The Black Rock Manganese, Modikwa Platinum and Lubambe Copper operations did not achieve targets, but were close to their targets.
- Safety targets were met by each division.

More information regarding the pay mix for Executive Directors and Prescribed Officers may be found in the Remuneration Report on page 194 of the Corporate Governance Report.



IAR

DIRECTORS' REPORT continued

PERFORMANCE SHARES

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information about the performance criteria and to page 219 of Part II of the Remuneration Report for the vesting dates.

The total number of performance shares awarded in November 2015 and May 2016 was 1 150 506. During the year under review, 299 694 performance shares vested and were settled, including 6 880 performance shares, held by employees who retired, were retrenched or deceased during the year; and 100 942 performance shares were forfeited. The total number of performance shares as at 30 June 2016 was 3 062 420.

Between 30 June 2016 and the date of this report, 32 648 performance shares were settled and 67 500 forfeited.

The number of performance shares awarded to Executive Directors and Prescribed Officers is summarised below.

PERFORMANCE SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana ³
	Number of shares		
Opening balance as at 1 July 2015	372 864	145 945	93 508
Performance shares awarded 25 November 2015 ¹	71 570	38 617	31 814
Performance shares settled ²	(40 132)	(10 125)	(14 729)
Closing balance as at 30 June 2016⁴	404 302	174 437	110 593

¹ Performance shares awarded in terms of the Company's waived bonus method.

² Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.

³ Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.

⁴ No performance shares were awarded or settled between 30 June 2016 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2015	284 471	210 911
Performance shares awarded 25 November 2015 ¹	57 953	50 247
Performance shares settled ²	(31 510)	(39 047)
Closing balance as at 30 June 2016³	310 914	222 111

¹ Performance shares awarded in terms of the Company's waived bonus method.

² Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.

³ No performance shares were awarded or settled between 30 June 2016 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2015	123 859	163 331	85 371
Performance shares awarded 25 November 2015 ¹	37 319	60 958	19 360
Performance shares settled ²	(15 842)	(18 184)	–
Closing balance as at 30 June 2016³	145 336	206 105	104 731

¹ Performance shares awarded in terms of the Company's waived bonus method.

² Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.

³ No performance shares were awarded or settled between 30 June 2016 and the date of this report.

BONUS SHARES

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The total number of bonus shares granted in November 2015 was 390 169. During the year under review, 232 017 bonus shares vested and were settled, including 9 499 bonus shares held by employees who retired, were retrenched or deceased during the year, and 18 012 bonus shares were forfeited. The total number of bonus shares as at 30 June 2016 was 1 073 206.

Following a 2015 benchmarking study by PwC, the Company's remuneration consultants, which recommended that in accordance with international good practice shares be awarded in terms of established performance criteria, the Board agreed in 2015 that bonus shares would, no longer be granted in the annual allocations. Deferred bonus and waived bonus shares would, however, be still granted.

Between 30 June 2016 and the date of this report, 26 693 bonus shares were settled and 3 642 were forfeited. The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana ²
	Number of shares		
Opening balance as at 1 July 2015	166 553	35 713	15 523
Bonus shares granted 25 November 2015 ¹	71 570	38 617	31 814
Bonus shares settled	(44 519)	(8 693)	(1 240)
Closing balance as at 30 June 2016³	193 604	65 637	46 097

¹ Bonus shares granted in terms of the Company's waived bonus method.

² Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.

³ No bonus shares were granted or settled between 30 June 2016 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2015	86 864	104 708
Bonus shares granted 25 November 2015 ¹	57 953	50 247
Bonus shares settled	(16 312)	(37 881)
Closing balance as at 30 June 2016²	128 505	117 074

¹ Bonus shares granted in terms of the Company's waived bonus method.

² No bonus shares were granted or settled between 30 June 2016 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2015	60 967	57 484	15 539
Bonus shares granted 25 November 2015 ¹	37 319	60 958	19 360
Bonus shares settled	(15 213)	(16 778)	–
Closing balance as at 30 June 2016²	83 073	101 664	34 899

¹ Bonus shares granted in terms of the Company's waived bonus method.

² No bonus shares were granted or settled between 30 June 2016 and the date of this report.

DIRECTORS' REPORT continued

SHARE OPTION SCHEME

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2016 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe		M Arnold		H L Mkatshana ²	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	175 238	152.23	77 485	166.50	22 874	183.62
Options exercised	–	–	–	–	–	–
Options lapsed/forfeited ¹	(85 880)	139.73	(25 512)	161.17	–	–
Closing balance as at 30 June 2016	89 358	164.25	51 973	169.11	22 874	183.62
Grant date of options						
5 December 2008	16 068	96.20	6 397	96.20	–	–
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

¹ Lapsed and forfeited due to unfavourable market conditions.

² Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.

	Executive Directors			
	M P Schmidt		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	100 404	160.92	162 273	152.65
Options exercised	–	–	–	–
Options lapsed/forfeited ¹	(35 464)	139.73	(66 557)	139.73
Closing balance as at 30 June 2016	64 940	172.49	95 716	161.63
Grant date of options				
5 December 2008	6 397	96.20	19 011	96.20
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37
29 October 2013	15 963	200.75	15 378	200.75

¹ Lapsed and forfeited due to unfavourable market conditions.

	Prescribed Officers					
	A Joubert		J C Steenkamp		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	38 069	178.91	128 178	155.68	16 702	184.34
Options exercised	–		–		–	
Options lapsed/forfeited ¹	–		(51 020)	139.73	–	
Closing balance as at 30 June 2016	38 069	178.91	77 158	166.22	16 702	184.34
Grant date of options						
5 December 2008	–	–	12 006	96.20	–	–
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

¹ Lapsed and forfeited due to unfavourable market conditions.

VESTING DATES

PERFORMANCE SHARES

Annual Allocations

All performance shares conditionally awarded prior to 1 November 2011: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of four years, subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2014: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

The schedule of vesting dates may be found below.

SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
Performance shares outstanding at 30 June 2016	3 062 420
Vesting on	
16 October 2016	172 623
29 October 2016	83 589
30 October 2016	58 472
22 May 2017	9 900
30 October 2017	187 647
18 November 2017	499 723
22 November 2017	56 997
25 April 2018	14 489
15 October 2018	851 889
26 November 2018	1 095 959
19 May 2019	31 132

BONUS SHARES

Annual Allocations

Bonus shares granted prior to 1 November 2011: Bonus shares vest and are settled after three years, subject to continued employment.

Bonus shares granted to participants other than senior executives after 1 November 2011: Bonus shares vest and are settled after three years, subject to continued employment.

Bonus shares granted to senior executives after 1 November 2011: Bonus shares vest and are settled after four years, subject to continued employment.

Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.

DIRECTORS' REPORT continued

Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

The schedule of vesting dates may be found below.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2016	1 073 206
Vesting on	
16 October 2016	107 076
29 October 2016	87 391
30 October 2016	71 748
30 October 2017	143 635
18 November 2017	212 836
22 November 2017	60 351
26 November 2018	390 169

SHARE OPTIONS

Options granted before 1 December 2008: No options may be exercised prior to the first anniversary of the issue date relative to such options. Up to a third of such options may be exercised each year until the third anniversary of the issue date.

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

SHARE INCENTIVE MOVEMENTS

	Options		Performance shares ¹		Bonus shares ¹	
	F2016	F2015	F2016	F2015	F2016	F2015
Opening balance as at 1 July 2015	1 736 232	2 263 792	2 312 550	1 044 082	933 066	825 111
Exercised	–	(405 063)	–	–	–	–
Settled	–	–	(299 694)	(177 875)	(232 017)	(159 488)
Granted/awarded	–	–	1 150 506	1 518 619	390 169	295 753
Forfeited/cancelled/lapsed	(467 978)	(122 497)	(100 942)	(72 276)	(18 012)	(28 310)
Closing balance as at 30 June 2016	1 268 254	1 736 232	3 062 420	2 312 550	1 073 206	933 066
Subsequent to year-end:						
Exercised/settled	–	–	(32 648)	–	(26 693)	–
Forfeited/cancelled/lapsed	(42 717)	–	(67 500)	–	(3 642)	–
Balance as at the date of this report	1 225 537	1 736 232	2 962 272	2 312 550	1 042 871	933 066

¹ Conditional.

Options granted to senior executives between 1 November 2011 and 30 June 2014: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

The schedule of vesting dates may be found below.

SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
Options outstanding at 30 June 2016	1 268 254	R173.36
Vested		
6 December 2011	111 469	R96.20
16 October 2012	99 120	R155.20
27 April 2013	4 808	R195.60
16 October 2013	145 452	R178.49
2 April 2014	6 857	R223.00
10 November 2014	117 846	R182.67
3 April 2015 ¹	13 360	R182.19
16 October 2015	158 509	R168.37
10 November 2015	127 778	R182.67
3 April 2016	6 861	R182.19
27 April 2016 ¹	4 615	R181.00
Vesting on		
16 October 2016	163 737	R168.37
30 October 2016	148 461	R200.75
22 May 2017 ¹	12 199	R191.14
30 October 2017	147 182	R200.75

¹ Share options granted to management other than senior executives.

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS

The remuneration of Non-executive Directors consists of Directors' fees. Board and Committee retainers and attendance fees are paid quarterly and in arrears.

Additional information regarding Board and Committee fees may be found in the Remuneration Report on pages 195 to 196.



In line with increases made to salaries of the Executive Directors and Prescribed Officers, the Board has agreed to recommend a below-inflation increase in Non-executive Directors' fees, effective from 1 July 2016. In terms of the 2015 benchmarking study conducted by the Company's remuneration consultants, the fees remain competitive. Shareholders will be requested to approve the increase in Non-executive Directors' fees as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2016 and 30 June 2015.

All figures in R000	Board and Committee fees	Other ²	Total F2016	Total F2015
Non-executive Directors¹				
Dr M M M Bakane-Tuoane	1 108		1 108	1 266
F Abbott	740		740	587
T A Boardman	1 298		1 298	1 254
A D Botha	916		916	892
J A Chissano	490	581	1 071	1 092
W M Gule	462	120	582	624
A K Maditsi	1 232		1 232	1 250
Dr R V Simelane	1 044		1 044	1 100
Z B Swanepoel	578		578	556
Total for Non-executive Directors	7 868	701	8 569	8 621

¹ Payments for the reimbursement of out-of-pocket expenses have been excluded.

² Fees in terms of service contracts. See Part I of the Remuneration Report on page 196 for more information.

EXTERNAL AUDITOR

Ernst & Young Inc. (EY) continued in office as the external auditor for the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of EY as ARM's external auditor for the 2017 financial year. The 30 June 2016 year-end is the first year that Mr L I N Tomlinson signed-off an audit opinion on ARM's financial statements. In terms of the partner rotation and succession plan, Mr L I N Tomlinson was appointed through the auditor rotation process in 2015 as the succeeding partner and as the individual registered auditor.

COMPANY SECRETARY

Ms A N D'Oyley is the Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of this report. Additional information regarding the office of the Company Secretary during the year are set out on page 163.

LISTINGS

The Company's shares are listed on the JSE Limited (JSE) under General Mining under the JSE share code: ARI.

A sponsored Level 1 American Depositary Receipt (ADR) programme is also available to investors for over-the-counter or private transactions under the ticker symbol AFRBY.

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

The Company's shares were dematerialised on 5 November 2001. Should shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the Strate environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, whose details are reflected on the inside back cover of this report.

CONVENIENCE TRANSLATIONS INTO UNITED STATES DOLLARS

To assist users of this report, translations of convenience into United States Dollars are provided for in the Group's financial statements. These translations are based upon average rates of exchange for income statement and cash flow statement items and at those rates prevailing at year-end for statement of financial position items. These statements are found on pages 291 to 297.

GROUP STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Notes	F2016 Rm	F2015 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	3	10 966	12 218
Intangible assets	4	137	149
Deferred tax assets	17	151	565
Loans and long-term receivables	5	40	48
Financial assets	6	–	1
Investment in associate	7	1 153	1 363
Investment in joint venture	8	14 623	14 094
Other investments	9	3 521	1 178
		30 591	29 616
Current assets			
Inventories	10	759	852
Trade and other receivables	11	2 453	2 542
Taxation	35	4	3
Financial assets	6	1	1
Cash and cash equivalents	12	1 316	2 257
		4 533	5 655
Assets held for sale	13	3	12
Total assets		35 127	35 283
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	14	11	11
Share premium	14	4 217	4 183
Treasury shares	15	(2 405)	–
Other reserves		3 395	1 212
Retained earnings		18 601	20 113
Equity attributable to equity holders of ARM		23 819	25 519
Non-controlling interest		762	1 386
Total equity		24 581	26 905
Non-current liabilities			
Long-term borrowings	16	4 171	2 511
Deferred tax liabilities	17	2 014	1 970
Long-term provisions	18	665	656
		6 850	5 137
Current liabilities			
Trade and other payables	19	1 787	1 452
Short-term provisions	20	355	322
Taxation	35	174	96
Overdrafts and short-term borrowings – interest-bearing	21	1 380	1 371
		3 696	3 241
Total equity and liabilities		35 127	35 283

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	F2016 Rm	F2015 Rm
Revenue	24	9 600	10 227
Sales	24	8 745	9 263
Cost of sales	25	(8 147)	(7 854)
Gross profit		598	1 409
Other operating income	26	1 148	1 225
Other operating expenses	27	(1 527)	(1 594)
Profit from operations before special items		219	1 040
Income from investments	28	160	192
Finance costs	29	(375)	(250)
Loss from associate	7	(210)	(186)
Income from joint venture*	8	1 301	1 289
Profit before taxation and special items		1 095	2 085
Special items before tax	30	(1 860)	(1 659)
(Loss)/profit before taxation		(765)	426
Taxation	31	8	(353)
(Loss)/profit for the year		(757)	73
Attributable to:			
Non-controlling interest		(192)	(31)
Equity holders of ARM		(565)	104
		(757)	73
Additional information			
Headline earnings (R million)	33	1 051	1 744
Headline earnings per share (cents)	32	494	803
Basic (loss)/earnings per share (cents)	32	(265)	48
Diluted headline earnings per share (cents)	32	487	799
Diluted basic (loss)/earnings per share (cents)	32	(262)	48
Number of shares in issue at end of year (thousands)		218 022	217 491
Weighted average number of shares in issue (thousands)		212 990	217 232
Weighted average number of shares used in calculating diluted earnings per share (thousands)	32	215 825	218 222
Net asset value per share (cents)	32	10 925	11 733
EBITDA (R million)		1 185	2 087
Dividend declared after year-end (cents per share)	32	225	350

* Impairment included in income from joint venture R202 million before tax of R56 million (F2015: R406 million before tax of R114 million).

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Shareholders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2015						
Profit/(loss) for the year to 30 June 2015	–	–	104	104	(31)	73
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment	9 (990)	–	–	(990)	–	(990)
Deferred tax on above	184	–	–	184	–	184
Reclassification to income statement	9 656	–	–	656	–	656
Deferred tax on above	(122)	–	–	(122)	–	(122)
Net impact of revaluation of listed investment	(272)	–	–	(272)	–	(272)
Foreign currency translation reserve movement	–	104	–	104	–	104
Total other comprehensive (loss)/income	(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year	(272)	104	104	(64)	(31)	(95)
For the year ended 30 June 2016						
Loss for the year to 30 June 2016	–	–	(565)	(565)	(192)	(757)
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment*	9 2 347	–	–	2 347	–	2 347
Deferred tax on above	(448)	–	–	(448)	–	(448)
Deferred tax rate change	35	–	–	35	–	35
Net impact of revaluation of listed investment	1 934	–	–	1 934	–	1 934
Foreign currency translation reserve movement	–	101	–	101	–	101
Total other comprehensive income	1 934	101	–	2 035	–	2 035
Total comprehensive income/(loss) for the year	1 934	101	(565)	1 470	(192)	1 278

* Price of Harmony Gold increased from R15.59 at 30 June 2015 to R52.47 per share at 30 June 2016.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

Notes	Share capital and premium Rm	Treasury share capital Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total shareholders of ARM Rm	Non-controlling interest Rm	Total
Balance at 30 June 2014	4 119	–	272	986	21 311	26 688	1 511	28 199
Profit/(loss) for the year to 30 June 2015	–	–	–	–	104	104	(31)	73
Other comprehensive (loss)/income	–	–	(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year	–	–	(272)	104	104	(64)	(31)	(95)
Bonus and performance shares issued to employees	14	45	–	(45)	–	–	–	–
Dividend paid	32	–	–	–	(1 302)	(1 302)	–	(1 302)
Dividend paid to Impala Platinum	–	–	–	–	–	–	(277)	(277)
Dilution in Two Rivers	36	–	–	(26)	–	(26)	183	157
Share-based payments	–	–	–	193	–	193	–	193
Share options exercised	14	30	–	–	–	30	–	30
Balance at 30 June 2015	4 194	–	–	1 212	20 113	25 519	1 386	26 905
Loss for the year to 30 June 2016	–	–	–	–	(565)	(565)	(192)	(757)
Other comprehensive income	–	–	1 934	101	–	2 035	–	2 035
Total comprehensive income/(loss) for the year	–	–	1 934	101	(565)	1 470	(192)	1 278
Bonus and performance shares issued to employees	14	34	–	(34)	–	–	–	–
Changes due to insurance restructuring – net of tax**	–	–	–	–	(195)	(195)	–	(195)
Dividend paid	32	–	–	–	(761)	(761)	–	(761)
Dividend paid to Impala Platinum	–	–	–	–	–	–	(370)	(370)
Restructuring of ARM BBEE Trust	15	(2 405)	–	–	–	(2 405)	(62)	(2 467)
Share-based payments	–	–	–	191	–	191	–	191
Transfer	–	–	–	(9)	9	–	–	–
Balance at 30 June 2016	4 228	(2 405)	1 934	1 461	18 601	23 819	762	24 581

* Other reserves consist of the following:

	F2016 Rm	F2015 Rm	F2014 Rm
Dilution in Two Rivers	(26)	(26)	–
Foreign currency translation on loans to foreign group entity	61	61	61
Foreign currency translation reserve – Assmang	103	–	–
Foreign currency translation reserve – other entities	430	432	328
General reserve	28	28	28
Insurance contingency	5	14	14
Premium paid on purchase of non-controlling interest	(14)	(14)	(14)
Share-based payments	874	717	569
Total	1 461	1 212	986

** Reversal of the inter-company elimination as a result of insurance restructuring.

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	F2016 Rm	F2015 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		9 671	11 093
Cash paid to suppliers and employees		(8 446)	(8 585)
Cash generated from operations	34	1 225	2 508
Interest received		111	120
Interest paid		(163)	(109)
Dividends received		1	1
Dividends received from joint venture	8	875	1 500
Dividend paid to non-controlling interest – Impala Platinum		(370)	(277)
Dividend paid	32	(761)	(1 302)
Taxation paid	35	(308)	(386)
Net cash inflow from operating activities		610	2 055
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		(804)	(1 212)
Additions to property, plant and equipment to expand operations		(48)	(64)
Proceeds on disposal of property, plant and equipment		36	5
Proceeds on disposal of subsidiary		8	–
Additional investment in associate	7	–	(282)
Investment in RBCT		(10)	(26)
Investment in subsidiary		–	(400)
Investment in insurance cell		–	(25)
ARM BBEE Trust cash consolidated following trust restructuring	37	10	–
Loans and receivables received		8	24
Net cash outflow from investing activities		(800)	(1 980)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		–	30
Long-term borrowings raised		1 463	–
Long-term borrowings repaid		(881)	(36)
Repurchase of ARM shares	15	(651)	–
Short-term borrowings repaid		(489)	(298)
Net cash outflow from financing activities		(558)	(304)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year		1 445	1 669
Foreign currency translation on cash balance		(30)	5
Cash and cash equivalents at end of year	12	667	1 445
Cash generated from operations per share (cents)	32	575	1 155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Group financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the 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 71 of 2008 and the Listing Requirements of the JSE Limited.

IMPACT OF NEW STANDARDS

During the current financial year, no new or revised accounting standards were adopted.

BASIS OF PREPARATION

The Group financial statements for the year have been prepared under the supervision of the financial director, Mr M Arnold CA(SA). The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years, except for the above-mentioned new and revised standards, and comply with IFRS.

The Group financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value.

The financial statements are presented in South African Rand and all values are rounded to the nearest million (Rm) unless otherwise indicated.

This year, the consolidated and separate annual financial statements of the Company are issued separately.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint operations, joint ventures and associates at 30 June each year.

Inter-company transactions and balances

Consolidation principles relating to the elimination of inter-company transactions and balances and adjustments for unrealised inter-company profits are applied in all intra-group dealings, for all transactions with subsidiaries, joint operations, associated companies or joint ventures.

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity. Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Non-controlling interest represents the portion of the income statement and equity not held by the Group and is presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance. Before 1 January 2009, losses in subsidiaries were carried by the Group only.

JOINT OPERATIONS

Joint operations are a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. The Group accounts for joint operations, its assets, liabilities, income, expenses and cash flows and/or share thereof.

Unincorporated joint operations are recognised in the financial statements on the same basis as above.

INVESTMENT IN ASSOCIATE AND JOINT VENTURES

An associate is an investment in an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

At Group level, investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in the associates and joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures, less any impairment in value. The income statement reflects the Group's share of the post-acquisition profit after tax of the associate or joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses.

TRUSTS

When control of a trust exists or a change results in control, from that date the trust is consolidated.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint operations, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment on an annual basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When an acquisition is achieved in stages and control is achieved, the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity held interest value and the current fair value for the same equity is recognised in the income statement.

When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

CURRENT TAXATION

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantively enacted at reporting date that are applicable to the taxable income. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, or in other comprehensive income, in which case the tax amounts are recognised directly in equity or in other comprehensive income.

DEFERRED TAXATION

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised.

Three-year business plans, the first year of which is approved by the Board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the reporting date and is not discounted.

Deferred tax arising on investments in subsidiaries, associates, joint operations, and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

VALUE ADDED TAX (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except for (a) where the VAT incurred on a purchase of an asset or service cannot be recovered from the taxation authorities; and (b) receivables and payables that are stated with the VAT included. The net amount of VAT recoverable or payable is included under receivables or payables in the statement of financial position.

PROVISIONS

Provisions are recognised when the following conditions have been met:

- > a present legal or constructive obligation to transfer economic benefits as a result of past events exists; and
- > a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

INSURANCE CONTRACT TECHNICAL PROVISIONS

For insurance contracts, judgements and estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, insurance contract technical provisions form the majority of the liability in the statement of financial position.

Due to the nature of the claims arising under the insurance contracts, the use of past claims development to project future claims development and hence ultimate claims costs, is considered not to be a suitable method for the setting of insurance contract technical provisions. Instead, the directors assess the level of unexpired risk reserve ("URR"); adverse development reserve ("ADR"); and incurred but not reported reserve ("IBNR") held for each underwriting year at every year end based on the claims information available at that time. Accordingly, as such assessment is based upon the use of judgements, best estimates and assumptions, there is inherent risk that such assessment will be significantly different from the actual outcome.

The estimation of URR, ADR and IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Some IBNR claims may not become apparent to the insured until many years after the event which gave rise to the claims has occurred.

The use of judgements, estimates and assumptions is also employed in the assessment of the adequacy for provisions for unearned premiums i.e. in determining whether the pattern of insurance service provided by the insurance contracts requires the earning of premium on a basis other than time apportionment.

Premiums written

Premiums written comprise premiums due on contracts entered into during the financial year, regardless of whether such amounts may relate in whole or part to a later financial

year, exclusive of taxes levied on premiums. Other underwriting income and expenses, comprising commissions, brokerage, fronting fees and outward reinsurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance.

Claims paid

Claims paid include all payments made in respect of the year with associated claim settlement expenses, net of any salvage or subrogation recoveries.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Insurance contract technical provisions

Insurance contract technical provisions comprise provisions for unearned premium ("UPR"); and reserves for claims outstanding ("OLR"), unexpired risk, adverse development and claims incurred but not reported.

Provisions for unearned premiums, deferred other underwriting income and prepaid underwriting expenses

Unearned premiums, deferred other underwriting income and prepaid underwriting expenses represent the proportion of premiums written, other underwriting income and underwriting expenses which is estimated to be earned in future financial years, computed separately for each insurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of insurance service provided by the underlying insurance contracts.

Claims outstanding, unexpired risk reserves and adverse development reserves

Claims outstanding and adverse development reserves comprise of provisions for the estimated cost of settling all claims reported but not paid at the reporting date.

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to but not paid at the balance sheet date together with the relevant claims settlement expenses based on information provided by insureds, fronting insurers, and loss adjusters.

The adverse development reserves provide for the expected deterioration of claims reported.

The unexpired risk reserves bring the value of claims incurred during an unexpired policy period up to the expected loss level for the policy.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

Incurred but not reported reserve

The incurred but not reported reserve is based on the estimated ultimate cost of all claims incurred but not reported at the reporting date. Delays can be experienced in the discovery, notification and settlement of certain types of claims that may arise under the insurance contracts written, therefore the ultimate cost of these claims cannot be known at the reporting date.

Reinsurers' share of insurance contract technical provisions

Provisions for unearned reinsurance premiums

The provision for unearned reinsurance premiums represents the proportion of outward reinsurance premiums which is estimated to be earned in future financial years, computed separately for each reinsurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of reinsurance service provided by the underlying reinsurance contracts.

Reinsurance recoveries

Provisions for claims are calculated gross of any reinsurance recoveries. A separate estimate is made for the amounts recoverable from reinsurers based upon the gross claims provisions and/or settled claims that are associated with the reinsurer's policies and are calculated in accordance with the related reinsurance contract.

ENVIRONMENTAL REHABILITATION OBLIGATIONS

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the income statement under finance cost. The initial related decommissioning asset is recognised in property, plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions.

This estimate is revised annually and any movement is expensed in the income statement. Expenditure on ongoing rehabilitation is charged to the income statement under cost of sales as incurred.

ENVIRONMENTAL REHABILITATION TRUST FUNDS

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

TREASURY SHARES

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss in the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting.

FINANCIAL ASSETS

All financial assets are recognised initially at fair value plus transaction costs except in the case of financial assets recorded at fair value through the income statement.

Financial assets at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or reversals which are recognised in the income statement.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in comprehensive income. Impairment losses are recognised in the income statement.

Any impairment reversals on debt instruments classified as available-for-sale are recognised in the income statement.

Impairment losses on equity investments are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in equity.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence as a result of one or more events that have occurred after the initial recognition, that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is an indication that an impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the income statement.

Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised in comprehensive income.

FINANCIAL LIABILITIES

Financial liabilities at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method.

DERIVATIVE INSTRUMENTS

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the income statement. Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost.

Cash that is subject to legal or contractual restrictions on use is included in cash but indicated as restricted.

INVESTMENTS

Investments, other than investments in subsidiaries, associates, joint operations and joint ventures, are considered to be available-for-sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available-for-sale investments are reflected in the available-for-sale reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the reporting date.

Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models. Where a reliable fair value cannot be determined, investments are carried at cost. All regular purchases and sales of financial assets are recognised on the trade date, i.e. the date the Group commits to purchasing the asset.

RECEIVABLES

Trade receivables, which generally have 30 – 90 day terms, are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through the income statement. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the income statement.

PAYABLES

Trade and other payables are not interest-bearing and are initially recorded at fair value and subsequently at amortised cost and classified as financial liabilities at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- > the rights to receive cash flows from the asset have expired;
- > the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- > the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of

a new liability, and the difference in the respective carrying amount is recognised in the income statement.

OFFSETTING OF FINANCIAL INSTRUMENTS

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the Group intends to settle on a net basis or to realise the asset and settle the liability simultaneously, all related financial effects are netted.

INTANGIBLE ASSETS

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Amortisation is based on units of production or units of export sales. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

INVESTMENT PROPERTY

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount. Where the building has changed from owner occupied to investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the income statement when the recoverable amount is less than the carrying amount.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs of evaluation of a smelter prior to approval to develop are capitalised, provided that there is a high degree of confidence that the project will be deemed commercially viable. Costs incurred with commissioning the new asset, in the period before it is capable of operating in the manner intended by management, are capitalised. Development

costs incurred after the commencement of production are capitalised to the extent that they are expected to give rise to future economic benefit.

LAND AND BUILDINGS

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

MINE DEVELOPMENT AND DECOMMISSIONING

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine or its current production, site preparation and pre-production stripping costs, as well as the decommissioning thereof, are capitalised when it is probable that the future economic benefits will flow to the entity and it can be measured reliably. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Capitalised development costs are classified under mine development and decommissioning assets and are recognised at cost. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are depreciated using the units-of-production method based on estimated proven and probable ore reserves from which future economic benefits will be realised, resulting in these assets being carried at cost less depreciation and any impairment losses. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

PRODUCTION STRIPPING COSTS

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs

are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a "stripping activity asset", if:

- a. future economic benefits (being improved access to the ore body) are probable;
- b. the component of the ore body for which access will be improved can be accurately identified; and
- c. the costs associated with the improved access can be reliably measured.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset included under mine development and decommissioning asset. If all the criteria are not met, the production stripping costs are charged to the income statement as operating costs.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the ore body that became more accessible. As a result, the stripping activity asset is carried at cost less depreciation and any impairment losses.

MINERAL RIGHTS

Mineral rights that are being depleted are depreciated over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years.

PLANT AND MACHINERY

Mining plant and machinery is depreciated on the units-of-production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in the depreciation calculation is 25 years.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items provided these meet the definition of property, plant and equipment. Expenditure incurred to replace or modify a significant component of a plant is capitalised and any remaining book value of the component replaced is written off in the income statement.

MINE PROPERTIES

Mine properties (including houses and administration blocks) are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount currently expected to be obtained for the asset after deducting estimated costs of the disposal, if the asset was already at the end of its useful life.

FURNITURE, EQUIPMENT AND VEHICLES

Furniture, equipment and vehicles are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

FINANCE LEASES

Finance leases are depreciated on a straight-line basis over their expected useful lives or the lease term, if less, to estimated residual values.

RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- > the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- > its intention to complete and its ability to use or sell the asset;
- > how the asset will generate future economic benefits;
- > the availability of resources to complete the asset;
- > the ability to measure reliably the expenditure during development; and
- > the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

DEPRECIATION RATES

Depreciation rates that are based on units-of-production take into account proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

- > furniture and equipment 10% to 33%;
- > mine properties 4% to 7%;
- > motor vehicles 20%;
- > mine development assets, plant and machinery, mineral rights and land 10 to 25 years;
- > investment properties 2%; and
- > intangible assets over life of mine to a maximum of 25 years.

EXPLORATION EXPENDITURE

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised, the Group utilises several different sources of information and also differentiates projects by levels of risks, including:

- > degree of certainty over the mineralisation of the ore body;
- > commercial risks, including but not limited to country risk; and
- > prior exploration knowledge available about the target ore body.

Exploration expenditure on Greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on Brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Group has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a prefeasibility study that future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available-for-sale in its present condition. For the sale to be highly probable, management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair values less costs to sell and are not depreciated.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. The recoverable amount is the higher of fair value less cost of disposal or value in use. Value in use is determined by an estimated future cash flow discounted at a pre-tax discount rate.

Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is expensed in the income statement. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back. Intangible assets with an indefinite life are tested annually for impairment.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- > expenditures for the asset are being incurred;
- > borrowing costs are being incurred; and
- > activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance costs in the income statement as incurred.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value with due allowances being made for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the following basis:

- > Consumables and maintenance spares are valued at weighted average cost.
- > Ore stockpiles are valued at weighted average cost.
- > Finished products are valued at weighted average cost.
- > Houses are valued at their individual cost.
- > Work-in-progress is valued at weighted average cost, including an appropriate portion of direct overhead costs.
- > Unallocated overhead costs due to below normal capacity are expensed as short workings.
- > Raw materials are valued at weighted average cost.
- > By-products are valued at weighted average cost.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

FOREIGN CURRENCY TRANSLATIONS

The Group financial statements are presented in South African Rand, which is the Company's functional currency.

FOREIGN ENTITIES

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

- > Assets and liabilities at rates of exchange ruling at the reporting date.
- > Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow.
- > Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
- > Fair value adjustments of the foreign entity are translated at the rate prevailing on date of valuation.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

- > Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
- > Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the income statement.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in the functional currency using the exchange rate ruling at the reporting date, with the resulting exchange differences being recognised in the income statement.

LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to control the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly against the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

EMPLOYEE BENEFITS

The Group operates two defined contribution pension schemes, both of which require contributions to be made to separately administered funds. The Group has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded. The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method.

OTHER LONG-TERM BENEFITS

The Group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as an income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

SHARE-BASED PAYMENTS

The Company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management's estimate, which is considered annually, of shares that are expected to vest.

Fair value is measured using an option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Equity-settled options expense is recognised over the expected vesting period.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) TRANSACTIONS

When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

REVENUE RECOGNITION

Revenue, which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the amount received or receivable net of VAT, cash discounts and rebates.

DIVIDEND INCOME

Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

MINING PRODUCTS

Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

In some cases, where the terms of the executed sales agreement allow for an adjustment to the selling price based on a survey of the goods by the customer, recognition of the sales revenue is based on the most recently determined estimate of product specification.

Sales on FOB (free on board) and CIF (cost insurance freight) are recognised on the date of loading.

In the case of certain commodities the final selling price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

RENTAL INCOME

Rental income on investment properties is accounted for on a straight-line basis over the term of the operating lease.

INTEREST

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

COST OF SALES

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

EARLY SETTLEMENT DISCOUNTS AND REBATES

These are deducted from revenue and cost of inventories when applicable.

REINSURANCE

Premiums are disclosed on a gross basis in other operating income. Claims are presented on a gross basis in receivables and payables. The Group cedes insurance risk in the normal course of business for the majority of its business.

SEGMENT REPORTING

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

A geographical segment is a group of products and services within a particular economic environment that is

subject to risks and returns that are different from segments operating in other economic environments.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, amongst others, revisions to estimated reserves, resources and life of operations, developments in technology, regulatory requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used, refer to individual notes. In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below.

CAPITALISED STRIPPING COSTS

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a "stripping activity asset". Judgement is required to distinguish between these two activities at each of the surface operations.

The ore bodies need to be identified in its various separately identifiable components for each of its surface mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

mine plans, specific characteristics of the ore body, the milestones relating to major capital investment decisions, and the type of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units-of-production method in determining the depreciable lives of the stripping activity asset.

MINE REHABILITATION PROVISIONS

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceed the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the income statement.

OTHER RESOURCES AND RESERVES ESTIMATES

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the

carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

UNITS-OF-PRODUCTION DEPRECIATION

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units-of-production depreciation methodologies are available to choose from; the Group adopts a run-of-the-mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

IMPAIRMENT OF ASSETS

Each cash-generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

ASSET USEFUL LIVES AND RESIDUAL VALUES

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

SHARE-BASED PAYMENTS

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

DEFINITIONS

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For cash flow purposes overdrafts are deducted from cash and cash equivalents that are on the statement of financial position.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Active market

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Basic earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 2 of 2015 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

This is calculated using the effective interest method less any provision for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available, it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions with reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flow payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Diluted headline earnings per share are calculated on the same basis as diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Special items

These are items that are of a capital nature and not part of the operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before special items, income from associates and joint venture

This comprises basic earnings, to which is added back non-controlling interest, taxation, special items, income from associate, income from joint venture, finance cost, income from investments, amortisation and depreciation.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

New standards

The following new standards and/or amendments have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IFRS 2	Share-Based Payments (Amendments)	1 January 2018
IFRS 5	Non-current Asset Held for Sale and Discontinued Operations (Annual improvement project)	1 January 2016
IFRS 7	Financial Instruments: Disclosures (Annual improvement project)	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations (Amendment)	1 January 2016
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 1	Disclosure initiative (Amendment)	1 January 2016
IAS 7	Disclosure initiative (Amendment)	1 January 2017
IAS 12	Income Taxes (Amendment)	1 January 2017
IAS 19	Employee Benefits (Annual improvement project)	1 January 2016
IAS 27	Separate Financial Statements – Equity method (Amendment)	1 January 2016
IAS 28	Investment in Associates and Joint Ventures (Amendment)	1 January 2016
IAS 34	Interim Financial Reporting (Annual improvement project)	1 January 2016

Impact of above

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

The Group is in the process of identifying areas where these standards may impact the Group. This process is ongoing.

2. PRIMARY SEGMENTAL INFORMATION

BUSINESS SEGMENTS

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled below.

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2.1 YEAR TO 30 JUNE 2016								
Sales	7 367	10 327	797	581	–	19 072	(10 327)	8 745
Cost of sales	(6 563)	(7 870)	(798)	(794)	37	(15 988)	7 841	(8 147)
Other operating income	33	164	70	8	970	1 245	(97)	1 148
Other operating expenses	(426)	(770)	(3)	(229)	(869)	(2 297)	770	(1 527)
Segment result	411	1 851	66	(434)	138	2 032	(1 813)	219
Income from investments	32	208	–	–	128	368	(208)	160
Finance cost	(48)	(31)	(188)	(26)	(77)	(370)	31	(339)
Finance cost ZCCM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(36)	–	(36)	–	(36)
Finance cost ARM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(194)	194	–	–	–
Loss from associate	–	–	(210)	–	–	(210)	–	(210)
Income from joint venture***	–	(9)	–	–	–	(9)	1 310	1 301
Special items before tax	(125)	(194)	–	(1 754)	19	(2 054)	194	(1 860)
Taxation	(85)	(497)	35	(2)	71	(478)	486	8
Profit/(loss) after tax	185	1 328	(297)	(2 446)	473	(757)	–	(757)
Non-controlling interest	(285)	–	–	488	(11)	192	–	192
Consolidation adjustment	–	(27)	–	–	27	–	–	–
Contribution to basic earnings	(100)	1 301	(297)	(1 958)	489	(565)	–	(565)
Contribution to headline earnings	(10)	1 441	(297)	(555)	472	1 051	–	1 051
Other information								
Segment assets, including investment in associate	10 059	18 897	3 553	1 692	5 199	39 400	(4 273)	35 127
Investment in associate			1 153			1 153		1 153
Investment in joint venture							14 623	14 623
Segment liabilities	2 075	1 653	1 778	1 265	3 240	10 011	(1 653)	8 358
Unallocated liabilities (tax and deferred tax)						4 773	(2 585)	2 188
Consolidated total liabilities						14 784	(4 238)	10 546
Cash inflow/(outflow) generated from operations	947	2 927	241	(131)	168	4 152	(2 927)	1 225
Cash inflow/(outflow) from operating activities	331	2 588	236	(154)	(1 303)	1 698	(1 088)	610
Cash (outflow)/inflow from investing activities	(553)	(1 796)	(226)	(66)	45	(2 596)	1 796	(800)
Cash outflow from financing activities	(68)	–	–	(23)	(467)	(558)	–	(558)
Capital expenditure	667	1 422	185	75	3	2 352	(1 422)	930
Amortisation and depreciation	614	966	143	204	5	1 932	(966)	966
Impairment	(122)	(202)	–	(1 755)	–	(2 079)	202	(1 877)
EBITDA	1 025	2 817	209	(230)	143	3 964	(2 779)	1 185

There were no significant inter-company sales.

* Refer to ARM Ferrous segment notes 2.3 and 8 for more detail.

** Includes IFRS 11 adjustments related to ARM Ferrous.

*** Impairment included in income from joint venture R202 million before tax of R56 million.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2. PRIMARY SEGMENTAL INFORMATION								
continued								
2.1 YEAR TO 30 JUNE 2015								
Sales	7 444	10 561	1 025	794	–	19 824	(10 561)	9 263
Cost of sales	(6 128)	(7 790)	(842)	(906)	54	(15 612)	7 758	(7 854)
Other operating income	175	132	95	4	862	1 268	(43)	1 225
Other operating expenses	(537)	(875)	(5)	(249)	(803)	(2 469)	875	(1 594)
Segment result	954	2 028	273	(357)	113	3 011	(1 971)	1 040
Income from investments	39	218	–	–	153	410	(218)	192
Finance cost***	(52)	(29)	(144)	(13)	(14)	(252)	29	(223)
Finance cost ZCCM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(27)	–	(27)	–	(27)
Finance cost ARM:								
Shareholders' loan Vale/ARM joint operation***	–	–	–	(132)	132	–	–	–
Loss from associate	–	–	(186)	–	–	(186)	–	(186)
Income from joint venture****	–	51	–	–	–	51	1 238	1 289
Special items before tax	–	(415)	–	(1 003)	(656)	(2 074)	415	(1 659)
Taxation	(274)	(523)	(36)	(7)	(20)	(860)	507	(353)
Profit/(loss) after tax	667	1 330	(93)	(1 539)	(292)	73	–	73
Non-controlling interest	(262)	–	–	302	(9)	31	–	31
Consolidation adjustment	–	(41)	–	–	41	–	–	–
Contribution to basic earnings	405	1 289	(93)	(1 237)	(260)	104	–	104
Contribution to headline earnings	405	1 588	(93)	(430)	274	1 744	–	1 744
Other information								
Segment assets, including								
investment in associate	10 372	18 574	3 746	3 010	4 061	39 763	(4 480)	35 283
Investment in associate			1 363			1 363		1 363
Investment in joint venture							14 094	14 094
Segment liabilities	1 864	1 946	1 736	1 077	1 635	8 258	(1 946)	6 312
Unallocated liabilities (tax and deferred tax)						4 705	(2 639)	2 066
Consolidated total liabilities						12 963	(4 585)	8 378
Cash inflow/(outflow) generated from operations	1 991	3 204	369	(68)	216	5 712	(3 204)	2 508
Cash inflow/(outflow) from operating activities	1 479	2 967	372	(95)	(1 201)	3 522	(1 467)	2 055
Cash outflow from investing activities	(808)	(1 966)	(488)	(256)	(428)	(3 946)	1 966	(1 980)
Cash (outflow)/inflow from financing activities	(67)	–	(52)	2	(187)	(304)	–	(304)
Capital expenditure	933	1 830	259	302	2	3 326	(1 830)	1 496
Amortisation and depreciation	668	936	139	232	8	1 983	(936)	1 047
Impairment	–	406	–	980	–	1 386	(406)	980
EBITDA	1 622	2 964	412	(125)	121	4 994	(2 907)	2 087

There were no significant inter-company sales.

* Refer to ARM Ferrous segment notes 2.3 and 8 for more detail.

** Includes IFRS 11 adjustments related to ARM Ferrous.

*** Reclassification of intergroup finance costs.

**** Impairment included in income from joint venture R406 million before tax of R114 million.

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2. PRIMARY SEGMENTAL INFORMATION				
continued				
2.2 YEAR TO 30 JUNE 2016				
External sales	2 245	3 917	1 205	7 367
Cost of sales	(2 410)	(2 830)	(1 323)	(6 563)
Other operating income	4	16	13	33
Other operating expenses	(171)	(211)	(44)	(426)
Segment result	(332)	892	(149)	411
Income from investments	10	14	8	32
Finance cost	(13)	(31)	(4)	(48)
Special items before tax	(119)	–	(6)	(125)
Taxation	124	(254)	45	(85)
(Loss)/profit after tax	(330)	621	(106)	185
Non-controlling interest	–	(303)	18	(285)
Contribution to basic earnings	(330)	318	(88)	(100)
Contribution to headline earnings	(244)	318	(84)	(10)
Other information				
Segment and consolidated assets	2 734	4 090	3 235	10 059
Segment liabilities	683	1 016	376	2 075
Unallocated liabilities (tax and deferred tax)				1 326
Consolidated total liabilities				3 401
Cash (outflow)/inflow generated from operations	(6)	1 109	(156)	947
Cash (outflow)/inflow from operating activities	(1)	482	(150)	331
Cash outflow from investing activities	(241)	(175)	(137)	(553)
Cash outflow from financing activities	(17)	(51)	–	(68)
Capital expenditure	244	282	141	667
Amortisation and depreciation	227	279	108	614
Impairment	(122)	–	–	(122)
EBITDA	(105)	1 171	(41)	1 025

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2. PRIMARY SEGMENTAL INFORMATION continued				
2.2 YEAR TO 30 JUNE 2015				
External sales	2 686	3 676	1 082	7 444
Cost of sales	(2 300)	(2 641)	(1 187)	(6 128)
Other operating income	145	13	17	175
Other operating expenses	(329)	(183)	(25)	(537)
Segment result	202	865	(113)	954
Income from investments	18	14	7	39
Finance cost	(8)	(38)	(6)	(52)
Taxation	(62)	(247)	35	(274)
Profit/(loss) after tax	150	594	(77)	667
Non-controlling interest	–	(275)	13	(262)
Contribution to basic earnings	150	319	(64)	405
Contribution to headline earnings	150	319	(64)	405
Other information				
Segment and consolidated assets	3 241	4 059	3 072	10 372
Segment liabilities	586	859	419	1 864
Unallocated liabilities (tax and deferred tax)				1 531
Consolidated total liabilities				3 395
Cash inflow/(outflow)/generated from operations	783	1 228	(20)	1 991
Cash inflow/(outflow) from operating activities	799	697	(17)	1 479
Cash outflow from investing activities	(258)	(229)	(321)	(808)
Cash inflow/(outflow) from financing activities	12	(79)	–	(67)
Capital expenditure	333	277	323	933
Amortisation and depreciation	202	381	85	668
EBITDA	404	1 246	(28)	1 622

	Iron ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon- tinued operation Chrome Division* Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2. PRIMARY SEGMENTAL INFORMATION continued									
2.3 PRO FORMA ANALYSIS OF THE ARM FERROUS SEGMENT ON A 100% BASIS Year to 30 June 2016									
Sales	12 110	6 651	166	18 927	1 727	20 654	10 327	(10 327)	–
Other operating income	501	242	34	777	6	783	164	(164)	–
Other operating expense	(1 196)	(571)	(9)	(1 776)	(218)	(1 994)	(770)	770	–
Operating profit	2 961	581	11	3 553	149	3 702	1 851	(1 851)	–
Contribution to earnings	2 440	104	8	2 552	103	2 655	1 328	(27)	1 301
Contribution to headline earnings	2 429	396	8	2 833	103	2 936	1 468	(27)	1 441
Other information									
Consolidated total assets	25 982	11 251	301	37 534	1 367	38 901	18 897	(4 274)	14 623
Consolidated total liabilities	5 853	2 153	223	8 229	631	8 860	1 653	(1 653)	–
Capital expenditure	901	1 928	–	2 829	149	2 978	1 422	(1 422)	–
Amortisation and depreciation	1 517	472	–	1 989	–	1 989	966	(966)	–
Cash inflow from operating activities	2 110***	1 181	–	3 291	134	3 425	2 588	(2 588)	–
Cash outflow from investing activities	(934)	(2 509)	–	(3 443)	(150)	(3 593)	(1 796)	1 796	–
EBITDA	4 478	1 053	11	5 542	149	5 691	2 817	(2 817)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 982		(20 982)	–
Investment in joint venture						3 036		(3 036)	–
Other non-current assets						901		(901)	–
Current assets									
Inventories						3 713		(3 713)	–
Trade and other receivables						3 558		(3 558)	–
Financial assets						72		(72)	–
Cash and cash equivalents						4 798		(4 798)	–
Asset held for sale						1 842		(1 842)	–
Non-current liabilities									
Other non-current liabilities						5 997		(5 997)	–
Current liabilities									
Trade and other payables						1 321		(1 321)	–
Short-term provisions						698		(698)	–
Taxation						213		(213)	–
Liabilities directly associated with asset held for sale						630		(630)	–

Refer note 2.1 and note 8 for more detail on the ARM Ferrous (Assmang) segment.

* This relates to Dwarsrivier (refer note 46).

** Includes consolidation and IFRS 11 adjustments.

*** Dividend paid amounting to R1.75 billion included in cash flows from operating activities.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	Iron ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon- tinued operation Chrome Division* Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2. PRIMARY SEGMENTAL INFORMATION continued									
2.3 PRO FORMA ANALYSIS OF THE ARM FERROUS SEGMENT ON A 100% BASIS Year to 30 June 2015									
Sales	12 197	7 128	189	19 514	1 610	21 124	10 561	(10 561)	–
Other operating income	442	195	14	651	7	658	132	(132)	–
Other operating expense	(1 257)	(654)	(4)	(1 915)	(228)	(2 143)	(875)	875	–
Operating profit	3 095	697	86	3 878	178	4 056	2 028	(2 028)	–
Contribution to earnings	2 381	94	62	2 537	122	2 659	1 330	(41)	1 289
Contribution to headline earnings	2 495	577	62	3 134	122	3 256	1 629	(41)	1 588
Other information									
Consolidated total assets	25 081	11 274	240	36 595	1 586	38 181	18 574	(4 480)	14 094
Consolidated total liabilities	6 118	2 372	292	8 782	470	9 252	1 946	(1 946)	–
Capital expenditure	1 645	1 983	–	3 628	207	3 835	1 830	(1 830)	–
Amortisation and depreciation	1 421	421	–	1 842	91	1 933	936	(936)	–
Cash inflow from operating activities	1 463***	1 326	–	2 789	104	2 893	2 967	(2 967)	–
Cash outflow from investing activities	(1 553)	(2 140)	–	(3 693)	(198)	(3 891)	(1 966)	1 966	–
EBITDA	4 516	1 118	86	5 720	269	5 989	2 964	(2 964)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 583		(20 583)	–
Investment in joint venture						2 243		(2 243)	–
Other non-current assets						902		(902)	–
Current assets									
Inventories						4 448		(4 448)	–
Trade and other receivables						3 391		(3 391)	–
Financial assets						85		(85)	–
Cash and cash equivalents						4 943		(4 943)	–
Asset held for sale						1 586		(1 586)	–
Non-current liabilities									
Other non-current liabilities						5 995		(5 995)	–
Current liabilities									
Trade and other payables						1 808		(1 808)	–
Short-term provisions						608		(608)	–
Taxation						369		(369)	–
Liabilities directly associated with asset held for sale						470		(470)	–

Refer note 2.1 and note 8 for more detail on the ARM Ferrous (Assmang) segment.

* This relates to Dwaarsrivier (refer note 46).

** Includes consolidation and IFRS 11 adjustments.

*** Dividend paid amounting to R3 billion included in cash flows from operating activities.

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2. PRIMARY SEGMENTAL INFORMATION continued				
2.4 ADDITIONAL INFORMATION				
ARM Corporate as presented in the table on pages 241 and 242 is analysed further into Corporate and other, ARM Exploration and Gold segments.				
Year to 30 June 2016				
Cost of sales	–	37		37
Other operating income	–	970		970
Other operating expenses	(23)	(846)		(869)
Segment result	(23)	161		138
Income from investments	–	128		128
Finance costs	–	117		117
Special items before tax	–	19		19
Taxation	–	71		71
(Loss)/profit after tax	(23)	496		473
Non-controlling interest	–	(11)		(11)
Consolidation adjustments		27		27
Contribution to basic earnings	(23)	512		489
Contribution to headline earnings	(23)	495		472
Other information				
Segment and consolidated assets	–	1 860	3 339	5 199
Segment liabilities	–	3 240		3 240
Cash outflow from operating activities	(23)	(1 280)		(1 303)
Cash inflow from investing activities	–	45		45
Cash outflow from financing activities	–	(467)		(467)
Capital expenditure	–	3		3
Amortisation and depreciation	–	5		5
EBITDA	(23)	166		143

* Corporate, other companies and consolidation adjustments.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2. PRIMARY SEGMENTAL INFORMATION continued				
2.4 ADDITIONAL INFORMATION Year to 30 June 2015				
Cost of sales	–	54		54
Other operating income	–	862		862
Other operating expenses	(50)	(753)		(803)
Segment result	(50)	163		113
Income from investments	–	153		153
Finance costs	–	118		118
Special items before tax	–	–	(656)	(656)
Taxation	–	(142)	122	(20)
(Loss)/profit after tax	(50)	292	(534)	(292)
Non-controlling interest	–	(9)		(9)
Consolidation adjustment		41		41
Contribution to basic earnings	(50)	324	(534)	(260)
Contribution to headline earnings	(50)	324		274
Other information				
Segment and consolidated assets	–	3 069	992	4 061
Segment liabilities	–	1 635		1 635
Cash outflow from operating activities	(50)	(1 151)		(1 201)
Cash outflow from investing activities	–	(428)		(428)
Cash outflow from financing activities	–	(187)		(187)
Capital expenditure	–	2		2
Amortisation and depreciation	–	8		8
EBITDA	(50)	171		121

* Corporate, other companies and consolidation adjustments.

2. PRIMARY SEGMENTAL INFORMATION continued

2.5 GEOGRAPHICAL SEGMENTS

The Group operates principally in South Africa, however, the Vale/ARM joint operation operates principally in Zambia and Sakura operates in Malaysia.

Assets by geographical area in which the assets are located are as follows:

	F2016 Rm	F2015 Rm
– South Africa	28 255	26 496
– Europe	1 184	1 143
– Americas	114	189
– Far and Middle East	3 817	3 508
– Zambia	1 610	2 779
– Other	147	1 168
	35 127	35 283

Sales by geographical area:

– South Africa	5 334	4 939
– Europe	2 158	2 650
– Far and Middle East	580	680
– Zambia	581	794
– Other	92	200
	8 745	9 263

Sales to major customers:

The only segment that is affected by the requirement to show this analysis is the platinum segment and the breakdown is as follows:

Rustenburg Platinum Mines Limited	1 205	1 082
Impala Platinum Limited	3 917	3 676

Capital expenditure

– South Africa	855	1 194
– Rest of Africa	75	302
	930	1 496

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

3. PROPERTY, PLANT AND EQUIPMENT

	Mine development and decommissioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture equipment and vehicles Rm	Finance Leases Rm	Total Property, plant and equipment Rm
Cost								
Balance at 30 June 2014	6 923	5 366	354	2 125	316	861	411	16 356
Additions	834	345	11	–	53	162	91	1 496
Change in estimates*	–	–	(12)	–	–	–	–	(12)
Derecognition	–	–	–	(18)	–	–	–	(18)
Disposals	–	(60)	–	–	–	(145)	(149)	(354)
Mineral rights from Impala (refer note 36)	–	–	–	157	–	–	–	157
Reclassifications	(51)	47	2	–	–	–	30	28
Tamboti (refer note 36)	–	–	–	400	–	–	–	400
Foreign currency translation movement	257	218	10	21	–	6	5	517
Balance at 30 June 2015	7 963	5 916	365	2 685	369	884	388	18 570
Additions	560	231	25	–	–	88	26	930
Change in estimates*	–	–	16	–	–	–	–	16
Asset held for sale	–	(9)	–	–	–	–	(7)	(16)
Derecognition	–	–	–	–	–	–	(8)	(8)
Disposals	(6)	(26)	–	–	–	(37)	(11)	(80)
Reclassifications	(456)	413	97	(95)	–	32	9	–
Foreign currency translation movement	459	355	16	33	–	11	13	887
Balance at 30 June 2016	8 520	6 880	519	2 623	369	978	410	20 299
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2014	2 136	1 218	97	289	1	546	317	4 604
Charge for the year	384	390	21	61	1	101	72	1 030
Disposals	(1)	(53)	–	–	–	(141)	(149)	(344)
Impairment (refer note 38)	961	19	–	–	–	–	–	980
Reclassifications	–	28	–	–	–	–	–	28
Foreign currency translation movement	9	39	1	1	–	3	1	54
Balance at 30 June 2015	3 489	1 641	119	351	2	509	241	6 352
Charge for the year	280	433	23	54	1	124	39	954
Disposals	–	(21)	–	–	–	(40)	(11)	(72)
Impairment (refer note 38)	836	892	47	50	–	20	32	1 877
Asset held for sale	–	(9)	–	–	–	–	(4)	(13)
Reclassifications	(48)	9	17	–	–	10	12	–
Foreign currency translation movement	180	48	(1)	3	–	5	–	235
Balance at 30 June 2016	4 737	2 993	205	458	3	628	309	9 333
Carrying value at 30 June 2015	4 474	4 275	246	2 334	367	375	147	12 218
Carrying value at 30 June 2016	3 783	3 887	314	2 165	366	350	101	10 966

* Change in estimates relates to the fair value adjustment made on the variable consideration payable by Two Rivers to Assmang (refer note 18).

a. Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2016 (F2015: Rnil).

b. Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R491 million (F2015: R374 million).

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3.6 billion (F2015: R3.9 billion). Refer to note 16 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year end was R101 million (F2015: R147 million).

Included in pledged assets are hire purchase agreement assets that are pledged as security amounting to R26 million (F2015: R55 million). Leased assets are pledged as security for the related finance lease.

d. Exploration and evaluation assets

These assets are included under mine development and decommissioning assets and amount to R282 million (F2015: R228 million).

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective Company or associated entities by members or their duly authorised agents.

4. INTANGIBLE ASSETS

	Total Rm	Other Rm	RBCT entitlement Rm
Cost			
Balance at 30 June 2014	221	1	220
Balance at 30 June 2015	221	1	220
Balance 30 June 2016	221	1	220
Accumulated amortisation			
Balance at 30 June 2014	55	–	55
Charge for the year	17	1	16
Balance at 30 June 2015	72	1	71
Charge for the year	12	–	12
Balance at 30 June 2016	84	1	83
Carrying value at 30 June 2015	149	–	149
Carrying value at 30 June 2016	137	–	137

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint operation of R137 million (F2015: R149 million) and (ii) Rnil (F2015: R1 million) relating to patents, trademarks and software.

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 19 years (F2015: 20 years).

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
5. LOANS AND LONG-TERM RECEIVABLES		
Long-term receivables	40	48
Total	40	48
Long-term loans held are as follows:		
ARM Platinum (Modikwa)	17	17
ARM Coal	23	31
Total	40	48
The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.		
ARM Platinum (Modikwa) is a loan due by the communities (non-controlling interest) around the Modikwa Mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.		
6. FINANCIAL ASSETS		
Arranger's fee	1	2
Less: Transfer to short-term financial assets	(1)	(1)
Total	–	1

During 2012 a US Dollar denominated loan was entered into with Standard Finance (Isle of Man) Limited in terms of which an arranger's fee was paid.

This arranger's fee is amortised over the 60 month period of the loan starting from April 2012.

7. INVESTMENT IN ASSOCIATE

Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations (PCB) of GOSA.

Opening balance

1 155 967

Original investment (10.2%)

400 400

Additional investment (ATCOM and ATC Collieries)

9 9

Additional investment

784 502

Accumulated (loss)/profit

(38) 56

Additional investment current year

– 282

Loss for the current year

(106) (94)

Closing balance

1 049 1 155

ARM invested directly in 10% of the existing coal operations (PCB) of GOSA on 1 September 2007.

Opening balance

346 438

Original investment

400 400

Additional investment (ATCOM and ATC Collieries)

32 32

Accumulated (loss)/profit

(86) 6

Loss for the current year

(104) (92)

Closing balance

242 346

Less: dividend received prior years

(138) (138)

Total investment

1 153 1 363

Total loss for the year

(210) (186)

PCB at 100%

Sales

9 554 7 520

Statement of financial position

Non-current assets

29 239 28 619

Current assets

2 807 2 467

Total assets

32 046 31 086

Less:

Non-current liabilities

25 532 24 199

Current liabilities

804 140

Net assets

5 710 6 747

8. INVESTMENT IN JOINT VENTURE

The investment relates to ARM Ferrous and consists of Assmang as a joint venture which includes iron ore, manganese and chrome operations.

Opening balance

14 094 14 305

Income for the period

1 328 1 330

Consolidation adjustment

(27) (41)

Net income for the period

1 301 1 289

Foreign currency translation reserve

103 –

Less: dividend received for the period

(875) (1 500)

Closing balance

14 623 14 094

Refer to note 2.1 and 2.3 for more detail on the ARM Ferrous segment.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
9. OTHER INVESTMENTS		
Listed investment*		
Opening balance	992	1 982
Unrealised available-for-sale reserve and impairment	2 347	(990)
Available-for-sale reserve in other comprehensive income	2 347	(334)
Impairment of listed investment** (refer note 30)	–	(656)
Total – listed investment classified as available-for-sale	3 339	992
Market value of listed investment	3 339	992
Other investments		
Guardrisk	19	24
RBCT	162	152
Preference shares	1	10
Total unlisted investments	182	186
Total carrying amount of investments	3 521	1 178

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

The market value of the listed investment is determined by reference to the market share price at 30 June 2016 and 30 June 2015. ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Company Limited) holds R1 million (F2015: R10 million) preference shares in various financial institutions.

Certain listed shares have been pledged as security for the ARM corporate loan which at 30 June 2016 was R1 400 million (F2015: Rnil) (refer note 16). The book value of the pledged shares amounts to R2 309 million (F2015: R670 million).

A report on investments appears on pages 289 to 290.

* Harmony Gold 63 632 922 shares at R52.47 per share (F2015: R15.59 per share).

** The impairment was due to a significant decline in the Harmony Gold share price. For additional information please refer Gold: Harmony report on page 120.

	F2016 Rm	F2015 Rm
10. INVENTORIES		
Consumable stores	427	375
Finished goods	94	103
Ore stockpiles	205	348
Work-in-progress	33	26
	759	852
Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.		
Value of inventories carried at net realisable value is Rnil (F2015: Rnil).		
Refer to note 25 for the expense of inventory written down or up and the amount of inventories expensed during the year.		
Inventories to the value of R53 million (F2015: R72 million) have been pledged as security for loans in ARM Coal (refer note 16).		
11. TRADE AND OTHER RECEIVABLES		
Other receivables	320	274
Related parties (refer note 45)	2 015	1 952
Trade receivables	118	316
	2 453	2 542
Trade and other receivables are non-interest-bearing and are generally on 30 – 90 day payment terms.		
The carrying amount of trade and other receivables approximate their fair value.		
Payment terms which vary from the norm are:		
– PGM's which are paid approximately four months after delivery; and		
– 20% of nickel delivered which is paid approximately five months after delivery.		
Debtors analysis		
Outstanding on normal cycle terms	2 396	2 467
Outstanding longer than 30 days outside normal cycle	2	63
Outstanding longer than 60 days outside normal cycle	22	–
Outstanding longer than 90 days outside normal cycle	24	–
Outstanding longer than +120 days outside normal cycle*	9	12
Less: provisions for impairments	–	–
Total	2 453	2 542

* No provision has been raised in F2016 on debtors outstanding longer than 120 days (F2015: Rnil) as the balance is considered recoverable. Total provision at year end amounted to Rnil (F2015: Rnil).

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
12. CASH AND CASH EQUIVALENTS		
Cash at bank and on deposit	252	1 299
Restricted cash:		
– Rehabilitation trust funds (refer note 23)	157	137
– Other	907	821
Cash and cash equivalents per the statement of financial position	1 316	2 257
Less: overdrafts (refer note 21)	(649)	(812)
Cash and cash equivalents per the statement of cash flows	667	1 445
The cash is held as follows per the statement of financial position:		
– African Rainbow Minerals Limited	129	909
– ARM BBEE Trust	2	–
– ARM Finance Company SA	12	11
– ARM Coal Proprietary Limited	1	1
– ARM Platinum Proprietary Limited	32	23
– ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Co Limited)	35	121
– Nkomati	–	195
– Two Rivers Platinum Proprietary Limited	12	12
– Vale/ARM joint operation	27	25
– Venture Building Trust Proprietary Limited	2	2
– Restricted cash*	1 064	958
	1 316	2 257
Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.		
* Restricted cash includes:		
– The ARM Trust of R20 million (F2015: R20 million) and cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R722 million (F2015: R633 million) in terms of an insurance contract.		
– Guarantees issued by ARM Coal to DMR amounting to R61 million (F2015: R46 million).		
– Guarantees issued by Tamboti to DMR amounting to R2 million (F2015: R2 million).		
– Guarantees issued by Two Rivers to DMR, Eskom and BP oil amounting to R84 million (F2015: R86 million).		
– Guarantees issued by Nkomati to DMR and Eskom amounting to R67 million (F2015: R66 million).		
– Guarantees issued by Modikwa to DMR and Eskom amounting to R78 million (F2015: R78 million).		
13. ASSETS HELD FOR SALE		
Assets at 30 June	3	12

Nkomati

The underground operations at Nkomati were impaired following the decision to cease operations in this area (refer note 3 and 30). This resulted in certain assets being reflected as held for sale.

Venture Building Trust

During F2015 ARM entered into a sale agreement for the sale of the investment property situated in Marshalltown Johannesburg. The transaction and the transfer thereof was finalised in F2016.

	F2016 Rm	F2015 Rm
14. SHARE CAPITAL AND SHARE PREMIUM		
Share capital		
Authorised		
500 000 000 (F2015: 500 000 000)	25	25
	25	25
Issued		
Opening balance	11	11
530 447 (F2015: 743 601) additional shares issued*	–	–
218 021 859 (F2015: 217 491 412); (F2014: 216 747 811)	11	11
Share premium	4 217	4 183
– Balance at beginning of the year	4 183	4 108
– Premium on bonus and performance shares issued to employees	34	75
Total issued share capital and share premium	4 228	4 194
* The movement in issued shares was less than R1 million.		
15. TREASURY SHARES		
The restructuring of the ARM BBEE Trust resulted in ARM effectively controlling 28 614 740 ARM shares (refer note 32 and 37).		
The carrying value of these treasury shares are as follows:		
12 717 328 shares at R51.19 bought from the ARM BBEE Trust by Opilac Proprietary Limited	651	–
15 897 412 shares at R110.31 held in the ARM BBEE Trust	1 754	–
	2 405	–

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
16. LONG-TERM BORROWINGS		
Secured		
Two Rivers – mine housing project – loan facility	25	42
This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment due at 30 September 2017. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year end the rate was 7.36% (F2015: 8.82%).		
The loan is secured by a mortgage bond over the property and a cession of insurances.		
ARM Corporate – loan facility	1 400	N/A
This loan facility is for an amount of R2 250 million and is repayable in August 2018. The interest rate has a JIBAR base with an additional margin between 3.35% and 3.65% depending on the utilisation of the facility. At 30 June 2016 R1 400 million (F2015: Rnil) was drawn against this facility. The interest rate was 10.75% at 30 June 2016 (F2015: N/A). This loan has been secured by a pledge of shares (refer note 9).		
ARM Finance Company SA – loan facility	514	754
This loan facility was for US\$80 million for funding towards the development of the Lubambe Copper Mine. The interest rate is LIBOR plus 3.65% with repayments commencing from December 2014 in quarterly instalments with a final repayment in September 2017. At year end an amount of US\$35 million was still outstanding (F2015: US\$62 million). ARM Company has guaranteed this loan. As at 30 June 2016 the interest rate was 4.3% (F2015: 3.93%).		
ARM BBEE Trust – loan facility – Harmony Gold	204	N/A
This loan consists of R200 million from Harmony Gold with an interest rate of JIBAR plus 4.25% and is repayable before 31 December 2022. The interest rate at 30 June 2016 was 11.61% (F2015: N/A).		
ARM BBEE Trust – loan facility – Nedbank Limited	297	N/A
This loan consists of R301 million from Nedbank with an interest rate of JIBAR plus 4.07% and is repayable before 31 December 2019. The interest rate at 30 June 2016 was 11.43% (F2015: N/A).		
Vale/ARM joint operation – hire purchase	33	47
Hire purchase over property, plant and equipment with a book value of R26 million (F2015: R55 million) bears interest between 7% and 8% (F2015: 8% to 15%) and is payable in varying monthly and quarterly instalments over a maximum period of 36 months which commenced in September 2013 and a final payment due in August 2018.		
Vale/ARM joint operation – loan facility (partner loan)	696	546
This loan is from ZCCM – IH and relates to their 20% contribution to the funding of Lubambe Copper Mine. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine. The funding bears interest at a six-month LIBOR rate plus 5%.		
The LIBOR rates for the period under review varied between 0.28% to 0.69% (F2015: 0.27% to 0.56%). As at 30 June 2016 the interest rate was 5.65% (F2015: 5.28%). The loan is currently repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 30 December 2016, with final settlement on 30 September 2019.		
Nkomati – leases	35	60
Finance leases over property, plant and equipment with a book value of R33 million (F2015: R66 million) bear interest at prime plus 2% (F2015: prime plus 2%) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in April 2015 and a final payment due in March 2020 (refer note 41). As at 30 June 2016 the interest rate was 12.5% (F2015: 10.75%).		
Two Rivers – leases	38	47
Finance leases over property, plant and equipment with a book value of R42 million (F2015: R26 million) bear interest at prime less 1.5%. As at 30 June 2016 the interest rate was 9% (F2015: 7.25%).		
Instalments are payable in varying monthly instalments over a maximum period of 60 months which commenced on 30 November 2008 and a final payment due on 31 May 2017 (refer note 41).		

	F2016 Rm	F2015 Rm
16. LONG-TERM BORROWINGS continued		
ARM Coal – loan facility (partner loan) The following loans are with GOSA and relate to the acquisition and development of the GGV Thermal Coal Mine.		
ARM Coal – GGV acquisition loan (partner loan) The loan is repayable over 20 years from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation with final repayment in 2026. Interest is charged at prime bank overdraft rate. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	309	299
ARM Coal – GGV project facility phase 1 loan (partner loan) The phase 1 project facility bears interest at prime bank overdraft rate after the interest holiday expired on 30 September 2014 and is repayable by August 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	893	792
ARM Coal – GGV project facility phase 2 loan (partner loan) The phase 2 project facility bears interest at prime bank overdraft rate and is repayable by June 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	227	212
These are secured by: <ul style="list-style-type: none"> > a cession in favour of GOSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint operation; > a cession in favour of GOSA creating a first ranking security interest over all the preference shares in GOSA held by ARM Coal; > a cession in favour of GOSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account; > mortgage bonds to be registered by ARM Coal in favour of GOSA over all immovable property of ARM Coal; and > notarial bonds to be registered by ARM Coal in favour of GOSA over all movable assets owned by ARM Coal (refer note 10). 		
Unsecured		
GOSA The amounts reflected represent balances owing on intercompany loan accounts between GOSA and ARM Coal other than on the long-term loans reflected above.	22	N/A
ARM Coal – RBCT phase V (partner loan) This loan is with GOSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable by October 2020 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 11% (F2015: 9.75%).	95	157
Total borrowings	4 788	2 956
Less: repayable within one year included in short-term borrowings (refer note 21)	(617)	(445)
Total long-term borrowings	4 171	2 511
Held as follows:		
– ARM Corporate	1 400	N/A
– ARM BBEE Trust – Harmony Gold	204	N/A
– ARM BBEE Trust – Nedbank Limited	297	N/A
– ARM Coal Proprietary Limited – GGV acquisition loan (partner loan)	275	290
– ARM Coal Proprietary Limited – GGV project facility phase 1 (partner loan)	835	781
– ARM Coal Proprietary Limited – GGV project facility phase 2 (partner loan)	210	208
– GOSA	22	N/A
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	81	149
– ARM Finance Company SA	88	426
– Nkomati	23	46
– Two Rivers Platinum Proprietary Limited	24	37
– Vale/ARM joint operation	16	28
– Vale/ARM joint operation – ZCCM – IH (partner loan)	696	546
	4 171	2 511

The carrying amount of the long-term borrowings approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	Total borrowings F2016 Rm	Discounted cash flows F2017 Rm	Repayments schedule – undiscounted cash flows					Total Rm
			F2017 Rm	F2018 Rm	F2019 Rm	F2020 Rm	F2021 – onwards Rm	
16. LONG-TERM BORROWINGS								
continued								
Secured Loans								
ARM Corporate – loan facility	1 400	–	–	1 592	–	–	–	1 592
ARM BBEE Trust – Harmony Gold loan facility	204	–	–	–	–	–	417	417
ARM BBEE Trust – Nedbank loan facility	297	–	–	–	–	434	–	434
ARM Coal – GGV acquisition loan (partner loan)	309	34	34	9	21	206	902	1 172
ARM Coal – GGV project facility phase 1 loan (partner loan)	893	58	60	51	217	213	877	1 418
ARM Coal – GGV project facility phase 2 loan (partner loan)	227	17	17	17	55	53	216	358
ARM Finance Company SA – loan facility	514	426	440	89	–	–	–	529
Nkomati – finance leases	35	12	13	10	8	6	–	37
Two Rivers – finance leases	38	20	22	12	7	–	–	41
Vale/ARM joint operation – hire purchase	33	17	23	23	11	–	–	57
Two Rivers – mine housing project loan facility	25	19	20	7	–	–	–	27
Vale/ARM joint operation – loan facility (partner loan)	696	–	–	200	200	200	200	800
Total secured loans	4 671	603	629	2 010	519	1 112	2 612	6 882
Unsecured loans								
GOSA	22	–	–	–	–	–	22	22
ARM Coal – RBCT phase V (partner loan)	95	14	15	14	39	45	11	124
Total unsecured loans	117	14	15	14	39	45	33	146
Total borrowings at 30 June 2016	4 788	617	644	2 024	558	1 157	2 645	7 028

	F2016 Rm	F2017 Rm	F2018 Rm	F2019 Rm	F2020 – onwards Rm	Total Rm
Undiscounted cash flows						
Total borrowings at 30 June 2015	488	864	598	631	1 430	4 011

	F2016 Rm	F2015 Rm
17. DEFERRED TAXATION		
Deferred tax assets		
Deferred capital gains tax movements on listed investment	151	564
Provisions	–	1
Deferred tax assets – recognised in other comprehensive income	151	565
Deferred tax liabilities		
Property, plant and equipment	1 863	2 039
Intangible assets	38	42
Inventories	53	54
Deferred capital gains tax movements on listed investment – ARM BBEE Trust	424	–
Unrealised related party foreign currency translation movement	207	109
Deferred tax liabilities	2 585	2 244
Loan impairment	(285)	–
Provisions	(265)	(251)
Post-retirement healthcare provisions	(21)	(23)
Deferred tax assets	(571)	(274)
Net deferred tax liabilities	2 014	1 970
Reconciliation of opening and closing balance		
Opening deferred tax liabilities	1 970	1 911
Opening deferred tax assets	(565)	(381)
Net deferred tax liabilities opening balance	1 405	1 530
Temporary differences from:	458	(125)
Loan impairment	(285)	–
Inventories	(1)	(28)
Intangible assets	(4)	(4)
Impairment of listed investment	–	(122)
Property, plant and equipment	(176)	(16)
Provisions	(11)	44
Revaluation of investment – ARM BBEE Trust (refer to note 37)	424	–
Revaluation of investment – directly in other comprehensive income	413	(62)
Unrealised related party foreign currency translation movement	98	63
Total deferred tax	1 863	1 405
Deferred tax liabilities	2 014	1 970
Deferred tax assets	(151)	(565)

Deferred tax liability balances are shown net of deferred tax assets where a legal right of offset exists at settlement.

Deferred tax assets are raised only when they can be utilised against future taxable profits after taking possible future uncertainties into account. Future taxable profits are estimated based on approved business plans which include various estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
18. LONG-TERM PROVISIONS		
Environmental rehabilitation obligation		
Provision for decommissioning		
Balance at beginning of year	304	230
Provision for the year	(27)	60
Work completed	(4)	–
Unwinding discount rate	10	10
Foreign currency translation movements	8	4
Balance at end of year	291	304
Provision for restoration		
Balance at beginning of year	119	105
Provision for the year	(2)	9
Unwinding of discount rate	11	2
Foreign currency translation movements	6	3
Balance at end of year	134	119
Total environmental rehabilitation obligation	425	423
The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of approximately 9.1% (F2015: approximately 8.1%), inflation rates of between 7% and 9% (F2015: 6.05%) and life of mines of between 3 and 25 years (F2015: 3 and 25 years). The South African Reserve Bank long-term inflation target is between 3% and 6% (F2015: 3% and 8%). The US Dollar denominated entity discount rate was 3.3% (F2015: 3.3%) and inflation of 2.1% (F2015: 2.1%) was used. Refer to note 23 for amounts held in trust funds.		
These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines.		
These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.		
Post-retirement healthcare benefits		
Balance at beginning of year	82	82
Benefits paid	(8)	(7)
Interest cost	5	7
Provision for the year (reversal)	(4)	–
Balance at end of year (refer note 43)	75	82
Other long-term provisions		
Balance at beginning of year	151	141
Change in estimate of variable purchase price for mine properties	19	(8)
Payments made during the year	(2)	(9)
Provision for the year	15	46
Transfer to short-term provisions (refer note 20)	(19)	(20)
Foreign currency translation movements	1	1
Balance at end of year	165	151
Total long-term provisions at end of year	665	656

Other long-term provisions include: (i) long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees and (ii) variable consideration payable by Two Rivers to Assmang due to Assmang's inability to mine the chrome ore as a result of Two Rivers having a tailings dam on part of the mining area of Assmang at Dwarsrivier.

	F2016 Rm	F2015 Rm
19. TRADE AND OTHER PAYABLES		
Trade payables	496	650
Related parties (refer note 45)	136	183
Other*	1 155	619
Total trade and other payables	1 787	1 452
* The increase is due to the insurance restructuring.		
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.		
20. SHORT-TERM PROVISIONS		
Bonus provision		
Balance at beginning of year	206	297
Provision for the year	259	194
Payments made during the year	(249)	(307)
Transfer from long-term provision (refer note 18)	19	20
Foreign currency translation movements	3	2
Balance at end of year	238	206
Leave pay provision		
Balance at beginning of year	116	110
Provision for the year	18	25
Payments made during the year and leave taken	(20)	(21)
Foreign currency translation movements	3	2
Balance at end of year	117	116
Other provisions		
Balance at beginning of year	–	72
Provision for the year	–	10
Payments made	–	(82)
Balance at end of year	–	–
Total short-term provisions	355	322

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on total pensionable salary packages multiplied by the leave days due at year end.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
21. OVERDRAFTS AND SHORT-TERM BORROWINGS		
Current portion of long-term borrowings (refer note 16)	617	445
Overdrafts (refer note 12)	649	812
Short-term borrowings – partner loans (refer note 45)	114	114
	1 380	1 371
Overdrafts and short-term borrowings are held as follows:		
– African Rainbow Minerals Limited	3	290
– ARM Mining Consortium Limited	29	93
– Anglo American Platinum Limited (partner loan)	114	114
– ARM Coal Proprietary Limited (partner loan)	123	32
– ARM Finance Company SA	426	328
– Nkomati	36	14
– Two Rivers Platinum Proprietary Limited	393	278
– Vale/ARM joint venture	236	202
– Other	20	20
	1 380	1 371
Overdrafts are held as follows:		
– African Rainbow Minerals Limited	3	290
– ARM Mining Consortium Limited	29	93
– Nkomati	24	–
– Two Rivers Platinum Proprietary Limited	354	226
– Vale/ARM joint operation	219	183
– Other	20	20
	649	812
Unutilised short-term borrowings and overdraft facilities:		
– African Rainbow Minerals Limited	497	210
– ARM Mining Consortium Limited	71	7
– Nkomati	24	35
– Two Rivers Platinum Proprietary Limited	146	274
	738	526

All of the above overdraft facilities are reviewed annually.

Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates. Loans from dormant subsidiaries are interest free and are payable on demand.

22. JOINT OPERATIONS

The share of the following joint operations has been incorporated into the Group results:

- 50% share in the Nkomati Mine;
- 51% share in ARM Coal Proprietary Limited (consolidated);
- 50% share in Modikwa joint operation which is held as an 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary;
- 50% share in Vale/ARM joint operations.

The share of joint operations in the financial statements are:

Income statement

	F2016 Rm	F2015 Rm
Sales	4 828	5 587
Cost of sales	(5 325)	(5 235)
Other operating income	95	261
Other operating expenses	(447)	(608)
Income from investments	18	25
Finance costs	(461)	(330)
Loss from associate	(210)	(186)
Special items	(1 879)	(1 003)
Loss before tax	(3 381)	(1 489)
Taxation	202	(70)
Loss for the year after taxation	(3 179)	(1 559)
Non-controlling interest	506	315
Attributable to equity holders of ARM	(2 673)	(1 244)
Statement of financial position		
Non-current assets	9 277	10 582
Current assets	1 759	2 142
Non-current liabilities (interest-bearing)	2 157	2 048
Non-current liabilities (non-interest-bearing)	1 534	1 659
Current liabilities (non-interest-bearing)	855	1 074
Current liabilities (interest-bearing)	424	341
Statement of cash flows		
Net cash (outflow)/inflow from operating activities	(69)	1 059
Net cash outflow from investing activities	(670)	(1 323)
Net cash outflow from financing activities	(40)	(38)

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
23. ENVIRONMENTAL REHABILITATION TRUST FUNDS		
Balance at beginning of year	137	117
Contributions	13	10
Interest earned (refer note 28)	7	10
Total (included in cash and cash equivalents) (refer note 12)	157	137
Total environmental rehabilitation obligations (refer note 18)	425	423
Less: amounts in trust funds (see above)	(157)	(137)
Unfunded portion of liability	268	286
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R114 million (F2015: R114 million) (refer note 40).		
24. SALES		
Sales – mining and related products	8 745	9 263
Made up as follows:		
Local sales	5 321	4 939
Export sales	2 843	3 530
Foreign sales	581	794
	8 745	9 263
Revenue	9 600	10 227
Sales – mining and related products	8 745	9 263
Dividends received (refer note 28)	1	1
Fees received (refer note 26)	569	631
Interest received (refer note 28)	159	191
Insurance income received (refer note 26)	104	115
Property rental income	10	10
Royalty received	12	16
25. COST OF SALES		
Amortisation and depreciation	958	1 047
Consultants, contractors and other	225	217
Electricity	519	435
Inventories written down	1	–
Provisions – long-term	19	54
– short-term	189	168
Raw materials, consumables used and change in inventories	3 316	3 299
Railage and road transportation	339	391
Staff costs	2 111	1 873
– salaries and wages	1 840	1 622
– pension – defined contribution	177	163
– medical aid	94	88
Other costs	470	370
	8 147	7 854

	F2016 Rm	F2015 Rm
26. OTHER OPERATING INCOME		
Commission received	10	–
Fees received	569	631
Insurance income received	104	115
Realised foreign exchange gains	3	103
Rental income from investment property (refer note 13)	7	2
Royalties received	12	16
Unrealised foreign exchange gains	355	216
Other	88	142
	1 148	1 225
27. OTHER OPERATING EXPENSES		
Audit remuneration – audit fees	14	13
– other services	–	–
Consulting fees	52	29
Depreciation	8	14
Direct operating expenses of investment property	2	6
Distribution cost	181	213
Exploration*	23	50
Insurance	121	113
Mineral royalty tax	244	278
Operating lease payments	1	2
Provisions – long-term	(10)	1
– short-term	88	61
Realised foreign exchange loss	20	41
Rent paid	5	5
Secretarial and financial services	3	3
Share-based payments expensed	191	193
Staff cost	284	293
– long service rewards	–	1
– pension – defined contribution	8	8
– salaries and wages	265	278
– training	11	6
Unrealised foreign exchange loss	1	28
Other	299	251
	1 527	1 594
28. INCOME FROM INVESTMENTS		
Dividend income – unlisted	1	1
Interest received – environmental trust funds (refer note 23)	7	10
– short-term bank deposits and other	152	181
	160	192
29. FINANCE COSTS		
Interest on finance leases	12	8
Gross interest paid: long- and short-term borrowings and overdrafts	342	230
Unwinding of discount rate	21	12
	375	250

* In addition, attributable exploration expenditure amounting to R12 million (F2015: R5 million) is included in income from joint venture.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
30. SPECIAL ITEMS		
Profit/(loss) on sale of property, plant and equipment	13	(23)
Profit on sale of subsidiary	4	–
Impairment of property, plant and equipment – Nkomati	(122)	–
Impairment of property, plant and equipment – Lubambe	(1 755)	(980)
Unrealised impairment of available-for-sale listed investment – Harmony Gold	–	(656)
Special items per income statement before taxation effect	(1 860)	(1 659)
Impairment on property, plant and equipment accounted for directly in joint venture – Assmang	(202)	(406)
Profit/(loss) on sale of property, plant and equipment accounted for directly in joint venture – Assmang	8	(9)
Special items before taxation effect	(2 054)	(2 074)
Taxation accounted for in joint venture – impairment at Assmang	56	114
Taxation accounted for in joint venture – (profit)/loss on sale at Assmang	(2)	2
Taxation on impairment of available-for-sale investment – Harmony Gold	–	122
Taxation on other special items	33	–
Special items after taxation effect	(1 967)	(1 836)
Non-controlling interest – Lubambe impairment	351	196
Total amount adjusted for headline earnings	(1 616)	(1 640)
31. TAXATION		
South African normal taxation:		
– current year	290	418
– mining	243	319
– non-mining	47	99
– prior year	1	(4)
Foreign tax	4	2
Total current taxation	295	416
Deferred taxation	(303)	(63)
Total taxation	(8)	353
Attributable to:		
Profit before special items	25	475
Special items (refer note 30)	(33)	(122)
	(8)	353
Amounts recognised directly in other comprehensive income or equity:		
Unrealised gain on available-for-sale financial asset	413	(62)
Deferred capital gains tax on listed investment at acquisition – ARM BBEE Trust (refer note 37)	424	–
Deferred tax on insurance restructuring (equity)	(76)	–
Total movement in deferred tax	458	(125)

South African mining tax is calculated based on taxable income less capital expenditure.

Where there is insufficient taxable income to offset capital expenditure, the remaining balance is carried forward as unredeemed capital expenditure.

31. TAXATION continued

	F2016 %	F2015 %
Reconciliation of rate of taxation:		
Standard rate of Company taxation	28	28
Adjusted for:		
Loan impairment	37	–
Capital gains tax	–	14
Disallowed expenditure	(10)	22
Exempt income	(5)	–
Foreign entity loss not recognised	(89)	101
Prior year over provision	–	(9)
Share of associate and joint venture income after tax	40	(73)
Effective rate of taxation	1	83
Reconciliation of rate of taxation before special items	%	%
Standard rate of Company taxation	28	28
Adjusted for:		
Loan impairment	(26)	–
Disallowed expenditure	8	5
Exempt income	3	–
Foreign entity loss not recognised	17	7
Prior year over provision	–	(2)
Share of associate and joint venture income after tax	(28)	(15)
Effective rate of taxation	2	23
	Rm	Rm
Profit before taxation and special items per income statement	1 095	2 085
Taxation per income statement	(8)	353
Taxation on special items (refer note 30)	33	122
Tax – excluding tax on special items	25	475
	%	%
Percentage on above	2	23
	Rm	Rm
Estimated assessed losses available for reduction of future taxable income	4 780	2 405
No deferred tax asset has been raised on the estimated assessed losses of R4 780 million (F2015: R2 306 million) in the Vale/ARM joint operation.		
Unredeemed capital expenditure available for reduction of future mining income*	4 676	4 169

* *Deferred tax has been raised on these estimated tax benefits other than for the Vale/ARM joint operation.*

The unredeemed capital expenditure in the Vale/ARM joint operation is R2 672 million (F2015: R2 596 million).

The latest tax assessment for the Company relates to the year ended June 2014.

All returns up to and including June 2015 have been submitted.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

	F2016	F2015
32. CALCULATIONS PER SHARE		
The calculation of basic earnings per share is based on basic loss of R565 million (F2015: R104 million basic earnings) and a weighted average of 212 990 thousand (F2015: 217 232 thousand) shares in issue during the year.		
The calculation of headline earnings per share is based on headline earnings of R1 051 million (F2015: R1 744 million) and a weighted average of 212 990 thousand (F2015: 217 232 thousand) shares in issue during the year.		
The calculation of diluted basic earnings per share is based on basic loss of R565 million (F2015: R104 million basic earnings), with no reconciling items to derive at diluted earnings, and a weighted average of 215 825 thousand (F2015: 218 222 thousand) shares, calculated as follows:		
Weighted average number of shares used in calculating basic earnings per share (thousands)	212 990	217 232
Potential ordinary shares due to long term share incentives granted (thousands)	2 835	990
Weighted average number of shares used in calculating diluted earnings per share (thousands)	215 825	218 222
The calculation of diluted headline earnings per share is based on headline earnings of R1 051 million (F2015: R1 744 million) with no reconciling items to derive at diluted headline earnings and a weighted average of 215 825 thousand (F2015: 218 222 thousand) shares.		
The calculation of net asset value per share is based on net assets of R23 819 million (F2015: R25 519 million) and the number of shares at year end of 218 022 thousand (F2015: 217 491 thousand) shares.		
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R1 225 million (F2015: R2 508 million) and the weighted average number of shares in issue of 212 990 thousand (F2015: 217 232 thousand).		
ARM BBEE Trust restructuring effect on weighted and diluted average number of shares		
Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM now controls the Trust for reporting purposes. The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share. The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares (refer note 15). The number of shares in issue are however not affected.		
Dividend per share		
After the year end a dividend of 225 cents per share (F2015: 350 cents per share; F2014: 600 cents per share) was declared and paid which amounted to R491 million (F2015: R761 million; F2014: R1 300 million). This dividend was declared on 8 September 2016 (F2015: 4 September 2015; F2014: 4 September 2014), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2016.		

	F2016 Rm	F2015 Rm
33. HEADLINE EARNINGS		
Basic (loss)/earnings attributable to equity holders of ARM	(565)	104
– Impairment on property, plant and equipment – Lubambe	1 755	980
– Impairment on property, plant and equipment – Nkomati	122	–
– Impairments of property, plant and equipment in joint venture – Assmang	202	406
– Profit on sale of subsidiary	(4)	–
– (Profit)/loss on sale of property, plant and equipment in joint venture – Assmang	(8)	9
– (Profit)/loss on disposal of property, plant and equipment	(13)	23
– Unrealised impairment of available-for-sale listed investment – Harmony	–	656
	1 489	2 178
– Taxation on impairment of available-for-sale investment	–	(122)
– Taxation accounted for directly in joint venture and associate (refer note 30)	(54)	(116)
– Taxation on other special items	(33)	–
	1 402	1 940
Non-controlling interest	(351)	(196)
Headline earnings	1 051	1 744
34. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS		
Profit from operations before special items	219	1 040
Loss from associate	(210)	(186)
Income from joint venture	1 301	1 289
Special items (refer to note 30)	(1 860)	(1 659)
(Loss)/profit from operations after special items	(550)	484
Adjusted for:	1 855	1 861
– Amortisation and depreciation of property, plant and equipment and intangible assets	966	1 047
– Income from joint venture	(1 301)	(1 289)
– Inventory written off	1	–
– Impairment of listed investment	–	656
– Impairment of property, plant and equipment	1 877	980
– Loss from associate	210	186
– (Profit)/loss on disposal of property, plant and equipment	(13)	23
– Movement in long- and short-term provisions	285	286
– Profit on disposal of subsidiary	(4)	–
– Share-based payments expense	191	193
– Unrealised foreign exchange gains	(354)	(188)
– Other non-cash flow items	(3)	(33)
Cash from operations before working capital changes	1 305	2 345
Movement in inventories	118	96
Movement in payables and provisions	(338)	(754)
Movement in receivables	140	821
Cash generated from operations	1 225	2 508

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
35. TAXATION PAID		
Balance at beginning of year	93	63
Current taxation as per income statement (refer note 31)	295	416
Normal tax	295	416
ARM BBEE Trust – opening balance (refer note 37)	93	–
Other	(3)	–
Balance at year end	(170)	(93)
Tax payable at year end	(174)	(96)
Tax receivable at year end	4	3
Taxation paid	308	386
36. PURCHASE OF TAMBOTI, MINERAL RIGHTS FROM IMPALA ADDED TO TWO RIVERS, AND DILUTION IN TWO RIVERS		
Tamboti		
During F2015 ARM purchased Tamboti Platinum Proprietary Limited.		
Mineral rights	–	400
Purchase price (refer statements of cash flow and note 3)	–	400
Mineral rights from Impala incorporated into Two Rivers		
Mineral rights (refer note 3)	–	157
Share capital increase in Two Rivers	–	(157)
	–	–
This transaction resulted in ARM's interest in Two Rivers diluting to 51% from 55%.		
Dilution in Two Rivers		
Equity at date of transaction	–	2 655
ARM's dilution in Two Rivers from 55% to 51%	–	106
Equity received by ARM	–	(80)
Dilution (refer Group statement of changes in equity)	–	26
Non-controlling movement		
Contribution by Impala of its share (R157 million x 49%)	–	77
Impala ownership increased from 45% to 49%	–	106
Refer Group statement of changes in equity	–	183

37. RESTRUCTURING OF ARM BBEE TRUST

Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM now controls the Trust for reporting purposes.

The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share. The number of shares in issue are however not affected.

The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares.

The statement of financial position of the ARM BBEE Trust, at the date that control was obtained, after the sale of the 12 717 328 shares, was as follows:

	F2016 Rm	F2015 Rm
Investment	1 754	N/A
Cash	10	N/A
Assets	1 764	N/A
Other reserves	870	N/A
Retained earnings	(932)	N/A
Loan ARM	800	N/A
Loan Harmony Gold	200	N/A
Loan Nedbank	300	N/A
Deferred tax liability	424	N/A
Payables	9	N/A
Taxation	93	N/A
Equity and liabilities	1 764	N/A

38. PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT

- a) At 31 December 2015 an impairment of Lubambe Copper Mine (included in the ARM Copper Segment) assets was recognised largely as a result of (i) a decline in the forecast of the short to medium term copper price (ii) a revision to the mine plan and (iii) an increase in the discount rate used in the valuation of the mine. ARM's attributable share of the impairment amounted to R1 404 million (R1 755 million less R351 million non-controlling interest). For the impairment calculation a pre-tax discount rate of 24.43% and the following real copper prices were used:

	F2016	F2017	F2018	F2019	Long-term
US\$/tonne	4 569	4 615	4 939	5 427	6 369

For the 2015 financial year, Lubambe Copper Mine recognised an impairment to property, plant and equipment following a revision to the mine plan and a decrease in the short-term copper price outlook. ARM's attributable share of this impairment amounted to R784 million (R980 million less R196 million non-controlling interest). For the impairment calculation a pre-tax discount rate of 18.9% and the following real copper prices were used:

	F2016	F2017	F2018	F2019	Long-term
US\$/tonne	5 159	6 605	7 181	7 574	6 617

The recoverable amount to determine the impairments was calculated using a combination of a value in use and a fair value less cost to sell model.

- b) The assets related to the underground operations at Nkomati (included in the ARM Platinum Segment) were impaired following the decision to cease operations in this area.

	F2016 Rm	F2015 Rm
Impairment	122	–

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39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks (refer note 39 j for sensitivity analysis).

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars, Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered when appropriate for long lead-time capital items.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency:

	Foreign currency amount	Year-end exchange rate R/US\$
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2016	US\$63 million	14.68
30 June 2015	US\$61 million	12.16
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2016	US\$3 million	14.68
30 June 2015	US\$3 million	12.16
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2016	US\$14 million	14.68
30 June 2015	US\$17 million	12.16
Foreign currency denominated items included in long-term borrowings:		
30 June 2016	US\$77 million	14.68
30 June 2015	US\$82 million	12.16
Foreign currency denominated items included in overdrafts and short-term borrowings:		
30 June 2016	US\$22 million	14.68
30 June 2015	US\$44 million	12.16

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

b. Liquidity risk management

The Group's executives meet regularly to review long- and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2016 and 30 June 2015 based on discounted cash flows.

For undiscounted amounts refer to note 16.

Trade and other payables and overdrafts and short-term borrowings are due to their nature the same for discounted and undiscounted cash flows.

	F2016			
	Within one year Rm	2 – 5 years Rm	Over 5 years Rm	Total Rm
Long-term borrowings (refer notes 16 and 21)	617	2 537	1 634	4 788
Trade and other payables (refer note 19)	1 787	–	–	1 787
Overdrafts and short-term borrowings (refer note 21)	763	–	–	763
Total	3 167	2 537	1 634	7 338

	F2015			
	Within one year Rm	2 – 5 years Rm	Over 5 years Rm	Total Rm
Long-term borrowings (refer notes 16 and 21)	445	1 214	1 297	2 956
Trade and other payables (refer note 19)	1 452	–	–	1 452
Overdrafts and short-term borrowings (refer note 21)	926	–	–	926
Total	2 823	1 214	1 297	5 334

	F2016 Rm	F2015 Rm
Overdrafts and short-term borrowings (including short-term portion of long-term borrowings) are held as follows:		
– ABSA Bank Limited	249	463
– First National Bank Limited	–	65
– Investec Limited	–	75
– Nedbank Limited	204	–
– Partner loans short-term	114	114
– Partner loans (included in R617 million, F2015: R445 million)	123	32
– Standard Finance (Isle of Man) Limited	426	328
– The Standard Bank of South Africa Limited	–	65
– Other	264	229
	1 380	1 371

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties.

The maximum exposure for trade receivables is the carrying amounts disclosed in note 11.

Major trade receivables include Impala Platinum R1 096 million (F2015: R1 018 million), Rustenburg Platinum Mines R456 million (F2015: R323 million) and Norilsk Nickel R393 million (F2015: R525 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 12.

The available-for-sale financial asset (which is the Harmony Gold investment) exposure is the carrying value of this asset as per note 9.

	F2016 Rm	F2015 Rm
Cash and cash equivalents are held at the following financial institutions:		
– ABSA Bank Limited	203	598
– Barclays Private Clients International	115	18
– Investec Limited	11	37
– First Rand Limited	101	75
– Lloyds Bank Plc	202	213
– Nedbank Limited	12	372
– Rand Merchant Bank	27	53
– Royal Bank of Scotland International Limited	210	200
– Standard Chartered	195	201
– The Standard Bank of South Africa Limited	164	416
– Other	76	74
	1 316	2 257

d. Treasury risk management

The treasury function is outsourced to Andisa Capital Proprietary Limited (Andisa), specialists in the management of third party treasury operations.

Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

A Treasury Committee, consisting of senior managers in the Company including the Financial Director and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group.

The committee reviews the treasury operation's dealings to ensure compliance with Group policies and counterparty exposure limits.

e. Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings.

Most of these prices are US Dollar based and are internationally determined in the open market. From these base prices, contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 11) amounts to R1 945 million (F2015: R1 866 million). Refer to the sensitivity calculations which follow note j below on page 281.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (refer to note 39 j for sensitivity analysis).

The Group manages its interest cost using a mix of fixed and variable rates.

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Fixed interest rate loans carry a fair value risk due to change in market rates.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The table quantifies the interest rate risk.

Financial assets		Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2016				
Cash – financial institutions	US\$3 million	38	overnight	0 – 2%
– financial institutions		579	call deposit	0 – 8%
– fixed		699	July 2016	4 – 9%
		1 316		
Year ended 30 June 2015				
Cash – financial institutions	US\$3 million	36	overnight	0 – 2%
– financial institutions		1 522	call deposit	0 – 8%
– fixed		699	July 2015	4 – 7%
		2 257		

Financial liabilities		Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2016				
Long-term borrowings				
African Rainbow Minerals Ltd – loan facility		1 400	2019	JIBAR plus 3.35% to 3.65%
ARM BBEE Trust – loan facility – Harmony Gold		204	2022	JIBAR plus 4.25%
ARM BBEE Trust – loan facility – Nedbank		297	2019	JIBAR plus 4.07%
Vale/ARM joint operation – hire purchase		33	2019	Between 7% and 8%
Two Rivers – leases		38	2017	Prime less 1.5%
Nkomati – leases		35	2020	Prime plus 2%
Two Rivers – loan facility – mine housing project)		25	2018	7.35% linked to JIBAR
ARM Finance Company SA – loan facility		514	2018	LIBOR plus 3.65%
Vale/ARM joint operation – loan facility (partner loan)		696	2018	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)		95	2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)		309	2026	Prime
ARM Coal – GOSA		22	–	Nil
ARM Coal – GGV project facility phase 1 loan (partner loan)		893	2025	Interest free until October 2014 thereafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan)		227	2024	Prime
		4 788		
Less: transferred to short-term borrowings		(617)		
Total		4 171		

* This relates to financial year.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

f. Interest rate risk continued

SUMMARY OF VARIABLE AND FIXED RATES

	Total Rm	Transfer to short-term Rm	Long-term Rm
Year ended 30 June 2016			
Variable rates	4 788	617	4 171
Fixed rates	–	–	–
Total	4 788	617	4 171

	Book value at year-end Rm		Maturity date*	Effective interest rate
Year ended 30 June 2015				
Long-term borrowings				
Vale/ARM – hire purchase	47		2016	Between 8% and 15%
Two Rivers – leases	47		2016	Prime less 1.5%
Nkomati – leases	60		2020	Prime plus 2%
Two Rivers – mine housing project – loan facility	42		2018	8.82% linked to JIBAR
ARM Finance Company SA – loan facility	754		2018	LIBOR plus 3.65%
Vale/ARM joint operation – loan facility (partner loan)	546		2018	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)	157		2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	299		2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan)	792		2025	Interest free until October 2014 thereafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan)	212		2024	Prime
	2 956			
Less: transferred to short-term borrowings	(445)			
Total	2 511			

* This relates to financial year.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued**f. Interest rate risk** continued**SUMMARY OF VARIABLE AND FIXED RATES**

	Total Rm	Transfer to short-term Rm	Long-term Rm
Year ended 30 June 2015			
Variable rates	2 956	445	2 511
Fixed rates	–	–	–
Total	2 956	445	2 511

SHORT-TERM FINANCIAL LIABILITIES

	Book value at year-end	Repricing date	Maturity date*	Effective interest rate
Year ended 30 June 2016				
– Financial institutions	1 143	30/06/2016	30/06/2016	Variable rate between 2% and 11%
– Anglo American Platinum (partner loan)	114			No interest
– ARM Coal (partner loan)	123			Variable rate between 0% and prime plus 0.5%
Total	1 380			

	Total	Transfer to short-term	Long-term	Effective interest rate
Year ended 30 June 2015				
– Financial institutions	1 225	30/06/2015	30/06/2015	Variable rate between 5% and 7%
– Anglo American Platinum (partner loan)	114			No interest
– ARM Coal (partner loan)	32			Variable rate between 0% and prime plus 0.5%
Total	1 371			

* This relates to financial year.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

g. Fair value risk

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – A technique where all inputs that have an impact on the value are observable, either directly or indirectly

Level 3 – A technique where all inputs that have an impact on the value are not observable

FINANCIAL INSTRUMENTS BY CATEGORIES

Category	F2016				
	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – Listed (refer note 9)	1	1	3 339	3 340	3 340
Investments – Guardrisk (refer note 9)	2	19	–	19	19
Trade receivables*	2	1 945	–	1 945	1 945

Category	F2015				
	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 9)	1	10	992	1 002	1 002
Investments – Guardrisk (refer note 9)	2	24	–	24	24
Trade receivables*	2	1 866	–	1 866	1 866

* For inputs used refer note 39 j.

h. Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee after being proposed by management.

i. Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management.

The ability to continue as a going concern and to safeguard assets while optimally funding capital expenditure is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to Life of Mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the statement of financial position plus debt.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

j. Sensitivity

The sensitivity calculations are performed on the variances in prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year end.

It is relevant to note that the accounts receivable balance in (e and g) above of R1 945 million (F2015: R1 866 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R14.68 (F2015: R12.16), (ii) platinum price of \$1 025/oz (F2015: \$1 090/oz), (iii) palladium price of \$598/oz (F2015: \$728/oz), rhodium of \$650/oz (F2015: \$931/oz) a nickel price of \$9 420/tonne (F2015: \$12 015/tonne) and copper price of \$4 851/tonne (F2015: \$5 762 tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	F2016 Rm	F2015 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	107	131
The price of copper increases by 10%	7	18
The price of nickel increases by 10%	40	56
The price of PGM increases by 10%	135	122
The interest rate increases by 1%	(45)	(22)
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	(107)	(131)
The price of copper decreases by 10%	(7)	(18)
The price of nickel decreases by 10%	(40)	(56)
The price of PGM decreases by 10%	(135)	(122)
The interest rate decreases by 1%	45	22

The interest rate change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long- or short-term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

In addition to the sensitivity given above, a R1 increase or decrease in the Rand/US Dollar exchange rate will increase or decrease profit by R158 million (F2015: R133 million) as a result of the revaluation of the US Dollar denominated loan that ARM has with Lubambe.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
40. COMMITMENTS AND CONTINGENT LIABILITIES		
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	118	239
– not contracted for	67	9
Total commitments	185	248
Commitments allocated as follows:		
– ARM Mining Consortium Limited	59	91
– ARM Coal Proprietary Limited	1	35
– Nkomati	73	44
– Two Rivers Platinum Proprietary Limited	52	70
– Vale/ARM joint operation	–	8
Total commitments	185	248

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and by utilising available cash and borrowing resources.

Disputes

ARM Mining Consortium has made an application against the Department of Mineral Resources (DMR) and third-party respondents requesting the court to order the DMR to reassess applications for certain prospecting rights brought by Rustenburg Platinum Mines, ARM Mining Consortium's joint venture partner that had been earlier rejected. The pleadings are not yet closed and no trial date has as yet been allocated.

Firm-o-seal are claiming R5 million (100% basis) for goods delivered and services rendered and not paid for by Assmang's Khumani Iron Ore Mine. Assmang is defending the claim on the basis that the goods delivered were defective and the service rendered substandard. The matter has been set down for trial in November 2016.

ARM, along with other mining companies, was served with a consolidated class action application on 21 August 2013. On 13 May 2016 the South Gauteng High Court granted orders certifying two class actions, a silicosis class and a tuberculosis class. The Court also ordered that a claim for general damages would be transmissible to the estate of a claimant. On 24 June 2016, the South Gauteng High Court granted ARM's application to appeal the transmissibility order, but refused to grant ARM a right to appeal the orders certifying the silicosis class and the tuberculosis class. After close of the financial year, on 19 July 2016 ARM petitioned the Supreme Court of Appeal for leave to appeal against these two orders, which petition was granted in favour of ARM on 13 September 2016. ARM will therefore be appealing all three orders referred to above. ARM is a member of an industry working group on occupational lung diseases, to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The companies believe that fairness and sustainability are crucial elements of any solution and have embarked on an extensive engagement process with all stakeholders to work together to design and implement a comprehensive solution that is both fair to past, present and future gold mining employees, and also sustainable for the sector. The companies do not believe that they are liable in respect of the claims brought, and they are defending these. They do, however, believe that they should work together to seek a solution to this South African mining industry legacy issue. Due to the limited information available on the above potential claims and the uncertainty of the matter, no estimation of amount can as yet be made for the possible obligation.

The liquidators of the RVAF Trust are claiming R15.6 million from ARM, being the purchase consideration paid by the RVAF Trust on behalf of Itemba Trading, the purchaser of the business Avalloys from ARM during 2006. The RVAF Trust was liquidated during 2012 and the liquidators are claiming that there was no just cause for the Trust to pay the purchase consideration. ARM is defending the matter on the basis that since the consideration was paid in return for the Avalloy business, there was just cause for the payment of the purchase consideration and, in addition, ARM is considering the fact that any alleged claim may have prescribed. ARM has not as yet pleaded to the claim, and is in the process of researching the facts of the matter.

40. COMMITMENTS AND CONTINGENT LIABILITIES continued

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2015: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2016 were Rnil (F2015: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amount to R114 million (F2015: R114 million).

Guarantees to Eskom amount to R42 million (F2015: R45 million).

ARM provided support in F2015 to the ARM Broad-Based Economic Empowerment Trust ("ARM BBEE Trust") in the form of guarantees to support the financial covenants of the ARM BBEE Trust's bank loan. Since F2015 additional guarantees amounting to R300 million were issued by ARM in this regard. The guarantees in favour of the ARM BBEE Trust have been cancelled after the restructuring of the trust that was concluded as announced on 22 April 2016 (refer note 15, 32 and 37).

41. LEASES

	F2016 Rm		F2015 Rm	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Finance leases (refer note 16)				
Within one year	58	51	59	50
After one year but not more than five years	61	55	68	59
Total minimum lease payments	119	106	127	109
Less: amounts representing finance charges	(13)	–	(18)	–
Present value of minimum lease payments	106	106	109	109

	F2016	F2015
Operating leases – Group as lessee		
This is in respect of office building rentals paid		
Straight-lined and cash flows		
Within one year	3	2
After one year but not more than five years	3	2
Total	6	4

42. RETIREMENT PLANS

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 7.5% and employers contribute between 6.2% and 18.12% of pensionable salaries to the funds. Members' contribution for the current year amounts to R185 million (F2015: R171 million).

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

43. POST-RETIREMENT HEALTHCARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised.

	F2016 Rm	F2015 Rm
The post-retirement healthcare benefits are provided for in the following entity: African Rainbow Minerals Limited	75	82
	75	82

The liability is assessed at three-yearly intervals by an independent actuary. The assumptions used for African Rainbow Minerals Limited are as follows:

- A real discount rate of 1.8% (F2015: 2%) per annum.
- An increase in healthcare costs at a rate of between 7% and 9% (F2015: 7% to 9%) per annum.
- A 1% change in the net discount rate used is estimated to have an impact of plus 8.3% or less 7.3% (F2015: plus 8.6% or less 7.5%) on the liability.
- The average expected working lifetime of eligible members was six years (F2015: six years) at the date of the valuation in 2016.

The provisions raised in respect of post-retirement healthcare benefits amounted to R75 million (F2015: R82 million) at the end of the year. For movements refer to note 18.

The liabilities raised, based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three-yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2016 and the next one will be in F2019.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

44. SHARE-BASED PAYMENT PLANS

Equity-settled plan

The Company uses plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.

Share options

Between F2008 and F2014, annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014 (refer remuneration report).

The Company granted share options to certain employees under the share incentive scheme. The exercise price of the options was equal to the market price of the shares on the date of the grant. Options granted before July 2008 vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes were subject to continued employment.

The contract life of each option is eight years from the grant date.

	F2016 Share options	F2015 Share options	F2016 Average price Cents	F2015 Average price Cents
Outstanding at beginning of year	1 736 232	2 263 792	16 796	15 017
Forfeited/cancelled/lapsed	(467 978)	(122 497)	15 273	15 203
Exercised during the year	–	(405 063)	–	7 399
Outstanding at the end of year	1 268 254	1 736 232	17 336	16 796
Exercisable at the end of the year	796 675	934 504	5 to 7 399	5 to 7 399
Range of strike prices of options exercised (cents)			9 620 to	9 620 to
Range of strike prices of outstanding options (cents)			22 300	27 950

44. SHARE-BASED PAYMENT PLANS continued

Bonus shares

Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the bonus share/co-investment scheme method and the waived bonus method, no bonus shares have been awarded since 2015.

If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares awarded prior to December 2014 are settled in full (refer remuneration report).

Deferred bonus/co-investment scheme

The deferred bonus/co-investment scheme was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, as well as to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.

Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.

Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%.

Scheme with effect from F2017: Senior executives may defer 25%, 33%, 50%, 75% or 100% (refer remuneration report).

Waived bonus method

The waived bonus method was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.

In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares (refer remuneration report).

	F2016 Bonus shares	F2015 Bonus shares
Outstanding at beginning of year	933 066	825 111
Granted during the year	390 169	295 753
Forfeited/cancelled/lapsed	(18 012)	(28 310)
Shares vested	(232 017)	(159 488)
Outstanding at end of year	1 073 206	933 066

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

44. SHARE-BASED PAYMENT PLANS continued

Performance shares method

Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.

With effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015. Therefore, the Board, upon the recommendation of the Remuneration Committee, agreed that with effect from December 2015, the TSR in terms of the top 10 companies in the JSE Mining Resources Sector Index be used to determine the number of performance shares which vest and the 20-day VWAP would be used to determine the price.

	F2016 Performance shares	F2015 Performance shares
Outstanding at beginning of year	2 312 550	1 044 082
Awarded during the year	1 150 506	1 518 619
Forfeited/cancelled/lapsed	(100 942)	(72 276)
Shares vested	(299 694)	(177 875)
Outstanding at end of year	3 062 420	2 312 550

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuator that used the Cox-Rox Rubinstein binomial tree model taking into account the terms and conditions upon which the performance shares were granted. The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2016 and 30 June 2015.

	F2016	F2015
Dividend yield %	N/A	2.94
Expected volatility %	54.69	27.21
Risk-free interest rate %	7.41	7.08
Expected life of performance shares (years)	1 – 8	1 – 8
Weighted average share price (cents)	6 975	13 311
The expected life of the performance shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement was a charge of (R million)	191	193

45. RELATED PARTY TRANSACTIONS

The Company 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.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations, that indicates the relationship and degree of control exercised by the Company, appears on pages 289 to 290.



IAR

	F2016 Rm	F2015 Rm
Amounts accounted in the income statement relating to transactions with related parties		
Joint venture		
Assmang Proprietary Limited		
– Provision of services	536	618
– Dividends received	875	1 500
Amounts outstanding at year-end (owing to)/receivable by ARM on current account		
Joint venture		
Assmang – debtor	70	86
Joint operations		
Anglo American Platinum – debtor	456	323
Norilsk Nickel – creditor	(136)	(183)
Norilsk Nickel – debtor	393	525
Anglo American Platinum – short-term borrowing	(114)	(114)
Vale/ARM joint operation – ZCCM – long-term borrowing	(696)	(546)
Glencore Operations SA – long-term borrowing	(1 423)	(1 428)
Glencore Operations SA – short-term borrowing	(123)	(32)
Subsidiary		
Impala Platinum – debtor	1 096	1 018
Key management personnel		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management (refer to directors' report).		
Senior management compensation		
Salary	11	9
Accrued bonuses	4	4
Pension scheme contributions	1	1
Reimbursive allowances	1	–
Total	17	14

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

45. RELATED PARTY TRANSACTIONS continued

	Number of options	Average price cents	Average gross selling price cents
Share options			
Held on 1 July 2014	276 670	13 784	
Exercised during the year	(96 386)	7 399	13 533
Staff movements	(46 549)	18 295	
Held on 1 July 2015	133 735	16 815	
Lapsed during the year	(33 086)	15 404	
Staff movements	(11 747)	18 944	
Held on 30 June 2016	88 902	17 059	

	Number of bonus shares	Number of performance shares
Bonus and performance shares		
Held on 1 July 2014	103 217	139 138
Granted/awarded during the year	25 011	133 349
Settled during the year	(13 582)	(13 539)
Staff movements	(25 832)	(51 201)
Held on 30 June 2015	88 814	207 747
Granted/awarded during the year	5 178	22 239
Settled during the year	(16 952)	(18 952)
Staff movements	(14 887)	(34 561)
Held on 30 June 2016	62 153	176 473

Details relating to directors emoluments and prescribed officers, share options and shareholdings in the Company are disclosed in the Directors' report.

Shareholders

The principal shareholders of the Company are detailed in the Shareholder Analysis report.

ARM's executive chairman, Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The Company rents office space from one of the entities as disclosed below. Mr Motsepe's director's emoluments, share options, bonus shares, performance shares and shareholding in the Company are disclosed in the Directors' report.

	F2016 Rm	F2015 Rm
Rental paid for offices at 29 Impala Road, Chislehurst, Sandton	1	1

This rental is similar to rentals paid to third parties in the same area for similar buildings.

46. EVENTS AFTER THE REPORTING DATE

Please refer to events after reporting date included on page 213 of the Directors' report.

47. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2016 on page 300 of the Investor Relations report and shareholder spread at 30 June 2016 on page 299 of the Investor Relations report.

PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2016

Name	Class	Book value of the Company's interests							
		Issued capital Amount Rm		Direct interest in capital %		Shares Rm		Indebtedness by/(to) Rm	
		F2016	F2015	F2016	F2015	F2016	F2015	F2016	F2015
African Rainbow Minerals Platinum Proprietary Limited	Ord	–	–	100	100	257	257	1 364	1 005
African Rainbow Minerals Finance Company SA	Ord	–	–	100	100	798	353	–	–
Anglovaal Air Proprietary Limited	Ord	–	–	100	100	89	89	(212)	(212)
Atscot Proprietary Limited	Ord	1	1	100	100	10	10	(23)	(23)
Avmin Limited	Ord	–	–	100	100	–	–	(17)	(17)
Bitcon's Investments Proprietary Limited	Ord	–	–	100	100	2	2	(2)	(2)
Jesdene Limited	Ord	–	–	100	100	–	–	6	6
ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Co Limited)	Ord	–	–	100	100	35	35	–	–
Letaba Copper & Zinc Corp Limited (Sold)	Ord	–	1	–	94	–	–	–	–
Mannequin Insurance PCC Limited (Cell AVL18)*	Ord	4	4	100	100	4	4	–	–
Opilac Proprietary limited	Ord	–	–	100	–	651	–	3	–
Sheffield Minerals Proprietary Limited (Sold)	Ord	–	–	–	100	–	–	–	(4)
South African Base Minerals Limited (Sold)	Ord	–	–	–	100	–	–	–	–
Two Rivers Platinum Proprietary Limited	Ord	257	257	51	51	55	55	–	–
Tamboi Platinum Proprietary Limited	Ord	–	–	100	100	467	123	–	299
Venture Building Trust Proprietary Limited	Ord	–	–	100	100	1	1	23	55
Total value of unlisted investment in subsidiaries**						2 369	929		
Amounts owing to subsidiaries								(254)	(258)
Amounts owing by subsidiaries								1 396	1 365

Notes

Ord – Ordinary shares.

All these balances eliminate at Group level.

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

* Incorporated in Guernsey and has a March year-end. Reviewed June figures are consolidated.

** The indirect subsidiary investment in Teal Minerals is included as part of joint operations.

PRINCIPAL ASSOCIATE COMPANIES, JOINT VENTURES, JOINT OPERATIONS AND OTHER INVESTMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Name of Company	Number of shares held		Effective percentage holding %		Value of investment Rm	
	F2016	F2015	F2016	F2015	F2016	F2015
Associated companies						
Unlisted						
Lucas Block Minerals Limited (1936) Ordinary shares (Voluntary Liquidation)	–	121	–	30	–	–
Glencore Operations South Africa Proprietary Limited Non-convertible participating preference shares	384	384	20.2	20.2	1 153	1 343
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited Ordinary shares	63 632 922	63 632 922	14.6	14.6	3 339	992
Unlisted						
Business Partners Limited	323 177	323 177	0.2	0.2	–	–
Guardrisk Insurance Company Limited Cell no 00298	1	–	100.0	100.0	19	24
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	51	51	51	51	–	–
Modikwa joint operation*	–	–	41.5	41.5	–	–
Nkomati joint operation**	–	–	50	50	–	–
Vale/ARM joint operation***	–	–	40	40	–	–
Joint venture						
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	–	–	50	50	–	–
Trust						
ARM BBEE Trust**** (refer note 15 and 37)	–	–	–	–	–	–

* December year end, audited June figures are consolidated.

** Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.

*** ARM Limited owns 16% indirectly and 34% directly in Teal Minerals (Barbados) Incorporated (amount above is after non-controlling interest).

**** ARM Limited obtained control of the ARM BBEE Trust during F2016 as a result of the restructuring of the trust.

CONVENIENCE TRANSLATION INTO US DOLLARS

For the benefit of international investors, the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group presented in South African Rands and set out on pages 222 to 226, have been translated into United States Dollars and are presented on pages 292 to 296. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position is translated at the rate of exchange ruling at the close of business at 30 June each year and the income statement and statement of cash flows are translated at the average exchange rates for the years reported, except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

	F2016 R/US\$	F2015 R/US\$
The following exchange rates were used:		
Closing rate	R14.68	R12.16
Average rate	R14.51	R11.45

The US Dollar denominated statement of financial position, income statements, statement of comprehensive income, statement of changes in equity and statement of cash flows should be read in conjunction with the accounting policies of the Group as set out on pages 227 to 240 and with the notes to the financial statements on pages 241 to 288.

US DOLLAR STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US\$m	F2015 US\$m
ASSETS			
Non-current assets			
Property, plant and equipment	3	747	1 005
Intangible assets	4	9	12
Deferred tax assets	17	10	46
Loans and long-term receivables	5	3	4
Investment in associate	7	79	112
Investment in joint venture	8	996	1 159
Other investments	9	240	97
		2 084	2 435
Current assets			
Inventories	10	52	70
Trade and other receivables	11	167	209
Cash and cash equivalents	12	90	186
		309	465
Assets held for sale	13	–	1
Total assets		2 393	2 901
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	14	1	1
Share premium	14	287	344
Treasury shares	15	(164)	–
Other reserves		231	100
Retained earnings		1 267	1 654
Equity attributable to equity holders of ARM		1 622	2 099
Non-controlling interest		52	114
Total equity		1 674	2 213
Non-current liabilities			
Long-term borrowings	16	284	206
Deferred tax liabilities	17	137	162
Long-term provisions	18	45	54
		466	422
Current liabilities			
Trade and other payables	19	123	119
Short-term provisions	20	24	26
Taxation	35	12	8
Overdrafts and short-term borrowings – interest-bearing	21	94	113
		253	266
Total equity and liabilities		2 393	2 901

US DOLLAR INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US\$m	F2015 US\$m
Revenue	24	662	893
Sales	24	603	809
Cost of sales	25	(561)	(686)
Gross profit		42	123
Other operating income	26	79	107
Other operating expenses	27	(105)	(139)
Profit from operations before special items		16	91
Income from investments	28	11	17
Finance costs	29	(26)	(22)
Loss from associate	7	(14)	(16)
Income from joint venture	8	90	113
Profit before taxation and special items		77	183
Special items	30	(128)	(145)
(Loss)/profit before taxation		(51)	38
Taxation	31	1	(31)
(Loss)/profit for the year		(50)	7
Attributable to:			
Non-controlling interest		(13)	(3)
Equity holders of ARM		(37)	10
		(50)	7
Additional information			
Headline earnings (US\$ million)	33	72	152
Headline earnings per share (US cents)	32	34	70
Basic (loss)/earnings per share (US cents)	32	(17)	5
Diluted headline earnings per share (US cents)	32	37	70
Diluted basic (loss)/earnings per share (US cents)	32	(17)	5

US DOLLAR STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

Notes	Available-for-sale reserve US\$m	Other US\$m	Retained earnings US\$m	Shareholders of ARM US\$m	Non-controlling interest US\$m	Total US\$m
For the year ended 30 June 2015						
Profit/(loss) for the year to 30 June 2015	–	–	10	10	(3)	7
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment	9	(86)	–	(86)	–	(86)
Deferred tax on above		16	–	16	–	16
Reclassification to income statement	9	57	–	57	–	57
Deferred tax on above		(11)	–	(11)	–	(11)
Net impact of revaluation of listed investment		(24)	–	(24)	–	(24)
Foreign currency translation reserve movement		–	9	9	–	9
Total other comprehensive (loss) income		(24)	9	(15)	–	(15)
Total comprehensive (loss)/income for the year		(24)	9	(5)	(3)	(8)
For the year ended 30 June 2016						
Loss for the year to 30 June 2016		–	–	(37)	(13)	(50)
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment	9	162	–	162	–	162
Deferred tax on above		(31)	–	(31)	–	(31)
Deferred tax rate change		2	–	2	–	2
Net impact of revaluation of listed investment		133	–	133	–	133
Foreign currency translation reserve		–	7	7	–	7
Total other comprehensive income		133	7	140	–	140
Total comprehensive income/(loss) or the year		133	7	(37)	103	90

US DOLLAR STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

Notes	Share capital and premium US\$m	Treasury share capital US\$m	Available-for-sale reserve US\$m	Other US\$m	Retained profit US\$m	Shareholders of ARM US\$m	Non-controlling interest US\$m	Total US\$m
Balance at 30 June 2014	387	–	25	93	2 005	2 510	142	2 652
Profit/(loss) for the year to 30 June 2015	–	–	–	–	10	10	(3)	7
Other comprehensive (loss)/income	–	–	(24)	9	–	(15)	–	(15)
Total comprehensive (loss)/income for the year	–	–	(24)	9	10	(5)	(3)	(8)
Bonus and performance shares issued to employees	14	4	–	(4)	–	–	–	–
Dividend paid	32	–	–	–	(114)	(114)	–	(114)
Dividend paid to Impala Platinum		–	–	–	–	–	(24)	(24)
Dilution in Two Rivers	36	–	–	(2)	–	(2)	16	14
Share-based payments		–	–	17	–	17	–	17
Share options exercised	14	3	–	–	–	3	–	3
Translation adjustment		(49)	–	(13)	(247)	(310)	(17)	(327)
Balance at 30 June 2015	345	–	–	100	1 654	2 099	114	2 213
Loss for the year to 30 June 2016	–	–	–	–	(37)	(37)	(13)	(50)
Other comprehensive income/(loss)	–	–	133	7	–	140	–	140
Total comprehensive income/(loss) for the year	–	–	133	7	(37)	103	(13)	90
Bonus and performance shares issued to employees	14	2	–	(2)	–	–	–	–
Changes due to insurance restructuring – net of tax		–	–	–	(13)	(13)	–	(13)
Dividend paid	32	–	–	–	(52)	(52)	–	(52)
Dividend paid to Impala Platinum		–	–	–	–	–	(25)	(25)
Restructuring of ARM BBEE Trust	15	–	(166)	–	–	(166)	(4)	(170)
Share-based payments		–	–	13	–	13	–	13
Transfer		–	–	(1)	1	–	–	–
Translation adjustment		(59)	2	(17)	(286)	(362)	(20)	(382)
Balance at 30 June 2016	288	(164)	131	100	1 267	1 622	52	1 674

US DOLLAR STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US\$m	F2015 US\$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		667	969
Cash paid to suppliers and employees		(582)	(750)
Cash generated from operations	34	85	219
Translation adjustment		(26)	(16)
Interest received		8	11
Interest paid		(11)	(9)
Dividends received from joint venture	8	60	131
Dividend paid to non-controlling interest – Impala Platinum		(25)	(24)
Dividend paid	32	(52)	(114)
Taxation paid	35	(21)	(34)
Net cash inflow from operating activities		18	164
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		(55)	(106)
Additions to property, plant and equipment to expand operations		(3)	(6)
Proceeds on disposal of property, plant and equipment		2	–
Proceeds on disposal of subsidiary		1	–
Additional investment in associate	7	–	(25)
Investment in RBCT		(1)	(2)
Investment in subsidiary		–	(35)
Investment in insurance cell		–	(2)
ARM BBEE Trust cash consolidated following trust restructuring	37	1	–
Loans and receivables received		1	2
Net cash outflow from investing activities		(54)	(174)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		–	3
Long-term borrowings raised		101	–
Long-term borrowings repaid		(61)	(3)
Repurchase of ARM shares	15	(45)	–
Short-term borrowings repaid		(34)	(26)
Net cash outflow from financing activities		(39)	(26)
Net decrease in cash and cash equivalents		(75)	(36)
Cash and cash equivalents at beginning of year		121	157
Cash and cash equivalents at end of year	12	46	121
Cash generated from operations per share (US cents)	32	40	101

FINANCIAL SUMMARY (US DOLLAR)

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	F2016 US\$m	F2015 US\$m	F2014 US\$m	F2013 US\$m	F2012 US\$m	F2011 US\$m	F2010 US\$m	F2009 US\$m	F2008 US\$m	F2007 US\$m	F2006 US\$m
Income statement											
Sales	603	809	966	831	2 256	2 131	1 452	1 118	1 725	854	722
Headline earnings	72	152	397	423	444	483	226	257	550	168	72
Basic (loss)/earnings per share (US cents)	(17)	5	147	86	207	226	113	150	292	81	46
Headline earnings per share (US cents)	34	70	183	197	208	227	106	121	261	81	35
Dividend declared after year-end per share (US cents)	15	29	56	51	58	67	26	23	51	N/A	N/A
Statement of financial position											
Total assets	2 393	2 901	3 430	3 407	4 327	4 791	3 682	3 304	3 178	2 576	2 041
Cash and cash equivalents	90	186	202	198	437	543	396	455	340	150	61
Shareholders' equity	1 674	2 213	2 652	2 563	2 990	3 280	2 416	2 171	2 002	1 587	1 452
Statement of cash flows											
Cash generated from operations	(85)	219	200	177	768	857	451	739	709	352	194
Net cash outflow from investing activities	(54)	(174)	(118)	(195)	(525)	(484)	(306)	(346)	(330)	(374)	(226)
Net cash (outflow)/inflow from financing activities	(39)	(26)	(73)	54	22	(85)	(96)	(19)	(24)	217	140
JSE Limited performance											
Ordinary shares (US cents)											
– high	790	1 773	2 316	2 367	2 561	3 376	2 714	3 217	4 205	1 917	816
– low	238	710	1 380	1 574	2 046	2 092	1 542	842	1 414	739	500
– year end	627	680	1 759	1 508	2 035	2 788	2 099	1 683	3 576	1 747	674

SHAREHOLDER ANALYSIS

AS AT 30 JUNE 2016

SHARES HELD

	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	2 976	75.33	704 612	0.32
1 001 – 10 000 shares	568	14.40	1 852 709	0.85
10 001 – 100 000 shares	266	6.73	9 444 337	4.33
100 001 – 1 000 000 shares	117	2.96	32 169 623	14.76
1 000 001 shares and above	23	0.58	173 850 578	79.74
Total	3 950	100.00	218 021 859	100.00

DISTRIBUTION OF SHAREHOLDERS

	Excluding treasury shares		Including treasury shares	
	Number of shares held	%	Number of shares held	%
Black Economic Empowerment	104 862 131	51.08	104 862 131	48.10
Pension Funds	38 156 420	18.59	38 156 420	17.50
Mutual Funds/Unit Trusts	37 433 615	18.23	37 433 615	17.17
Own shares*	–	–	12 717 328	5.83
Other Managed Funds	4 815 470	2.35	4 815 470	2.21
Investment Trusts	5 880 000	2.86	5 880 000	2.70
Trading Positions	4 745 763	2.31	4 745 763	2.17
Insurance Companies	2 231 063	1.09	2 231 063	1.02
Sovereign Wealth	1 739 255	0.85	1 739 255	0.80
Private Investors	1 713 802	0.83	1 713 802	0.78
Exchange-Traded Funds	607 998	0.30	607 998	0.28
Universities	453 518	0.22	453 518	0.21
Custodians	428 276	0.21	428 276	0.20
Hedge Funds	323 414	0.16	323 414	0.15
Charities	271 400	0.13	271 400	0.12
Local Authorities	233 530	0.11	233 530	0.11
Medical Aid Schemes	215 745	0.10	215 745	0.10
American Depository Receipts	132 961	0.06	132 961	0.06
Foreign Governments	39 400	0.02	39 400	0.02
Remainder	1 020 770	0.50	1 020 770	0.47
Total	205 304 531	100.00	218 021 859	100.00

* Own shares refers to treasury shares held by the 100% ARM owned subsidiary Opilac Proprietary Limited.

INVESTMENT MANAGEMENT INTEREST MORE THAN 3% (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
Allan Gray Investment Council	29 056 438	13.33
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
PIC	13 245 597	6.08
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Kagiso Asset Management (Pty) Ltd	10 774 298	4.94
BlackRock Inc	6 878 697	3.15
Total	176 320 187	80.87

* Opilac Proprietary Limited is a 100% held subsidiary of ARM.

BENEFICIAL SHAREHOLDINGS MORE THAN 3% (INCLUDING OWN SHARES)

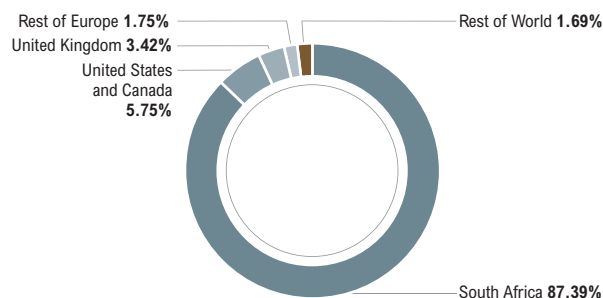
	Number of shares held	%
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
Government Employees Pension Fund (PIC)	14 406 286	6.61
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Allan Gray Balanced Fund	9 157 172	4.20
Total	139 928 615	64.18

* Opilac Proprietary Limited is a 100% held subsidiary of ARM.

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-Public Shareholders*	11	0.28	118 113 771	54.18
Public Shareholders	3 939	99.72	99 908 088	45.82
Total	3 950	100.00	218 021 859	100.00

* Non-public shareholders consist of Directors (whose interests are set out in the table on page 214), the ARM Broad-Based Economic Empowerment Trust, Opilac Proprietary Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARM) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). The shares of ARM and BBCE are held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family.

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS**TOP 20 SHAREHOLDERS**

	Number of shares held	% holding of shares in issue
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
Allan Gray Investment Council	29 056 438	13.33
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
PIC	13 245 597	6.08
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Kagiso Asset Management (Pty) Ltd	10 774 298	4.94
BlackRock Inc	6 878 697	3.16
Dimensional Fund Advisors	4 796 842	2.20
Investec Asset Management	4 589 888	2.11
The Vanguard Group Inc	2 700 455	1.24
RMB Morgan Stanley (Pty) Ltd	2 161 109	0.99
Sanlam Investment Management	2 137 655	0.98
Fairtree Capital Pty Ltd	1 681 406	0.77
Old Mutual Plc	1 303 254	0.60
Botho-Botho Commercial Enterprises	1 112 332	0.51
Schroders Plc	1 074 032	0.49
Investec Securities (Pty) Limited	911 087	0.42
Momentum Investments	834 812	0.38
Mellon Capital Management Corp	776 937	0.36
HSBC IB Equity Finance (UK)	700 548	0.32

* Opilac Proprietary Limited is a 100% held subsidiary of ARM.