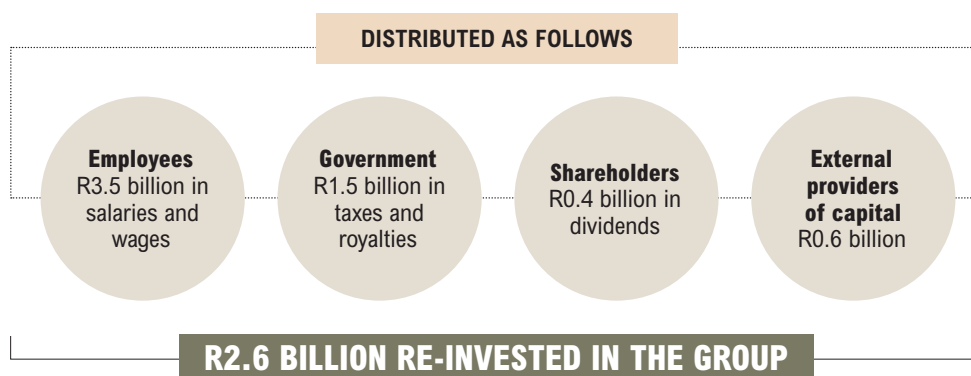


VALUE ADD

ARM's fundamental goal is to generate financial returns for shareholders, investors and other providers of capital. This economic imperative is balanced with a responsible approach to the environmental and social aspects of our business to ensure that all our stakeholders benefit from the value created by the business.

WEALTH CREATED IN F2017: R8.6 BILLION



VALUE ADDED STATEMENT

	F2017* Rm	F2016* Rm	F2015* Rm	F2014* Rm	F2013 Rm
Sales	21 298	19 072	19 824	23 785	19 800
Net cost of products and services	(10 816)	(10 891)	(10 808)	(11 093)	(9 100)
Value added by operations	10 482	8 181	9 016	12 692	10 700
Income from associate	181	(210)	(186)	(374)	(14)
Income/(loss) from joint venture	(23)	(9)	51	11	3
Special items	(2 793)	(2 054)	(2 074)	(876)	(2 639)
Income from investments	775	368	410	344	268
Wealth created	8 622	6 276	7 217	11 797	8 318
Applied as follows					
Employees as salaries, wages and fringe benefits	3 450	3 794	3 565	3 330	2 922
The State as taxes	1 518	901	1 317	2 796	1 696
– income tax	858	478	860	1 893	1 145
– royalty tax	660	423	457	903	551
Providers of capital	1 028	975	1 550	1 643	1 394
Equity – dividend	426	761	1 302	1 102	1 021
Non-controlling interest	131	(192)	(31)	255	148
Outside – finance cost	471	406	279	286	225
Total value distributed	5 996	5 670	6 432	7 769	6 012
Re-invested in the Group	2 626	606	785	4 028	2 306
Amortisation	1 621	1 932	1 983	1 841	1 693
Reserves retained	1 005	(1 326)	(1 198)	2 187	613
Wealth distributed	8 622	6 276	7 217	11 797	8 318
Market capitalisation (R billion)	18.4	20.0	18.0	40.5	32.2

* Based on segmental reporting for continuing operations – refer to note 2 to the Annual Financial Statements.