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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Shareholder information

Issued share capital at 31 December 2018	221 933 850 shares
Market capitalisation at 31 December 2018	ZAR31.6 billion
Market capitalisation at 31 December 2018	US$2.2 billion
Closing share price at 31 December 2018	R142.35
Six-months high (1 July 2018 - 31 December 2018)	R144.33
Six-months low (1 July 2018 - 31 December 2018)	R106.80
Average daily volume traded for the six months	587 884 shares
Primary listing	JSE Limited
JSE Share Code	ARI
ADR ticker symbol	AFRBY

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Salient features

- Headline earnings increased by 13% to R2 201 million (1H F2018: R1 945 million).
- Headline earnings per share were 1 149 cents compared to 1 023 cents in 1H F2018.
- Interim dividend of 400 cents per share declared (1H F2018: 250 cents per share).
- Basic earnings were R1 306 million (1H F2018: R1 753 million) and include an attributable impairment of the Nkomati Mine assets of R892 million after tax.
- Dividends received from the Assmang joint venture were R1 750 million (1H F2018: R1 000 million).
- The consolidated financial position improved by R2 267 million to net cash of R1 165 million (net debt of R1 102 million as at 31 December 2017).
- The coal debt attributable to ARM was reduced to R2 033 million.

Results overview

The ARM Board of Directors (the Board) announces a 13% increase in headline earnings to R2 201 million (R11.49 per share) for the six months ended 31 December 2018 (1H F2018: R1 945 million or R10.23 per share) and declares an interim dividend of 400 cents per share (1H F2018: 250 cents per share). The increase in headline earnings was driven mainly by improved headline earnings at Modikwa Mine, the iron ore division and the manganese ore operations which were partly offset by a headline loss at Nkomati Mine.

Basic earnings for the period were R1 306 million (1H F2018: R1 753 million) and include an impairment of the Nkomati Mine assets of R892 million after tax. Basic earnings per share therefore decreased from 922 cents to 682 cents.

The Nkomati Mine impairment is discussed in further detail on page 48 and a reconciliation of basic earnings to headline earnings is provided in note 12 to the financial statements.

US Dollar prices realised for all commodities, except platinum, were higher and the 1H F2019 average Rand/US Dollar was R14.19/US$ (1H F2018: R13.39/US$). For reporting purposes, the closing exchange rate at 31 December 2018 was R14.38/US$ (31 December 2017: R12.29/US$).

Sales from continuing operations (which are consolidated into ARM's revenue) were marginally lower in 1H F2019 at R4 147 million (1H F2018: R4 174 million). Sales for ARM Ferrous increased by 17% to R7 999 million (1H F2018: R6 816 million).

The average gross profit margin was 19% for both reporting periods. The gross profit margins achieved at each operating division may be ascertained from the detailed segment reports provided in note 2 to the financial statements.

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations, excluding special items and income from associates and joint ventures, were 11% lower at R889 million (1H F2018: R999 million). The change was largely as a result of a lower EBITDA contribution from Nkomati Mine (of R267 million) and ARM Corporate (of R113 million) which was partially offset by a higher EBITDA contribution from Modikwa Mine (of R243 million).

The income from joint venture (ARM Ferrous) was R2 121 million (1H F2018: R1 765 million) after special items and is 20% higher than the corresponding period.

The detailed and expanded segmental contribution analysis is provided in note 2 to the financial statements.

ARM Ferrous - Headline earnings at ARM Ferrous were 21% higher at R2 127 million (1H F2018: R1 765 million). The iron ore division delivered a 41% increase in headline earnings as average realised US Dollar prices for export iron ore increased by 15%, driven by a combination of higher fines market prices, increased lump premiums and a higher lump to fines ratio in iron ore sales volumes. The manganese ore operations delivered a 41% increase in headline earnings, however, a 62% decrease in headline earnings at the manganese alloy operations (mainly comprising of Cato Ridge Works and Alloys) resulted in the manganese division's overall earnings increasing by 5%.

ARM Platinum - Interventions implemented at Modikwa Mine to improve the operational and financial performance of the mine are yielding results. These, together with a higher Rand basket price and an improved purchase of concentrate agreement (as concluded in F2018 for three years from 1 January 2017), contributed to the R173 million headline earnings reported by Modikwa Mine (1H F2018: R36 million). Two Rivers Mine continues to experience grade challenges as a result of complexity of the ore body. This impacted both PGM and chrome volumes in the six months under review. The mine reported headline earnings of R180 million (1H F2018: R173 million). Nkomati Mine recorded a headline loss of R186 million mainly as a result of reduced nickel and by-product sales volumes together with above inflation cost increases. ARM has completed its review given the mine's operational challenges, cash support that could be required from the partners and the relatively limited (eight year) life of the open pit mine. Part of this review indicated a decline in head grade, resulting in decreased metal output, the mine's inability to generate sufficient cash to meet operational requirements and an increase in production costs.

We are in discussions with our partner on the future of the mine.

ARM Coal - Headline earnings for ARM Coal were 59% lower at R65 million (1H F2018: R160 million) and include a re-measurement loss of R206 million on the revaluation of the loans between ARM, ARM Coal and Glencore which were restructured in F2018. The coal operations delivered improved operational cash flows which has resulted in accelerated loan repayments. The value of the restructured loans is revalued at each reporting period to reflect the net present value of the expected loan repayment profile. Where the repayment profile is expected to accelerate compared to expectations in the previous reporting period, a re-measurement loss is recognised.

Although ARM Corporate EBITDA was lower, headline loss by R158 million improved by R42 million compared to the corresponding period. EBITDA was lower mainly due to a R62 million increase in research and development costs. Headline earnings were higher mainly due to R93 million lower tax expense.

A detailed segmental headline earnings contribution analysis is provided in note 2 to the financial statements.

Headline earnings/(loss) by division/operation

	six months ended 31 December		
R million	2018	2017	% change
ARM Platinum	167	226	(26)
Two Rivers Mine	180	173	4
Modikwa Mine	173	36	>200
Nkomati Mine	(186)	17	
ARM Ferrous	2 127	1 765	21
Iron Ore Division	1 230	873	41
Manganese Division	919	872	5
Chrome Division*	(4)	(9)	56
Consolidation adjustment	(18)	29	
ARM Coal*	65	160	(59)
Goedgevonden Mine	(7)	35	(120)
PCB Operations	72	125	(42)

ARM Copper	-	(6)	
ARM Corporate and other*	(158)	(200)	21
Headline earnings	2 201	1 945	13
Headline earnings from continuing operations	2 201	1 951	13
Headline earnings from discontinued operations	-	(6)	

* 1H F2019 includes a re-measurement loss of R206 million at ARM Coal and a re-measurement loss of R59 million at ARM Corporate on the valuation of the loans between ARM, ARM Coal and Glencore which were restructured in F2018.

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

The interim results for the six months ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

Rounding of figures may result in minor computational discrepancies on the tabulations.

Capital allocation guiding principles

Cash generated from operations was R781 million (1H F2018: R 940 million) and is reported after a R570 million increase in working capital requirements outflow (1H F2018: R471 million). Dividends received from the ARM Ferrous joint venture were R 1 750 million (1H F2018: R1 000 million).

Net cash outflow from investing activities of R 707 million was recorded (1H F2018: R160 million inflow) mainly as a result of a R211 million investment in Harmony in July 2018, as previously reported, while 1H F2018 included R741 million proceeds on disposal of the Lubambe Mine received in December 2017.

The net decrease in cash and cash equivalents was R8 million for the year (1H F2018: R359 million increase).

Capital expenditure to maintain operations was 16% lower at R505 million for the period (1H F2018: R603 million). Attributable capital expenditure at the Assmang joint venture was 70% higher at R946 million (1H F2018: R558 million).

Further details on the Assmang capital expenditure are included in the ARM Ferrous section on page 50.

Total borrowings repaid were R167 million (1H F2018: R325 million).

Gross debt at the end of the period was 29% lower than the corresponding period at R2 132 million (31 December 2017: R3 021 million). This was mainly due to R390 million reduction in ARM Corporate and R461 million reduction in ARM Coal debt. There was no debt at ARM Ferrous at 31 December 2018 (31 December 2017: nil).

ARM Company's Revolving Credit Facility expired on 24 August 2018. A new facility for R2 250 million which matures in August 2021 was finalised on improved terms and conditions. This facility was undrawn as at 31 December 2018.

Dividends paid to ARM shareholders in October 2018 were R1 433 million (1H F2018: R1 236 million).

At 31 December 2018 cash and cash equivalents were R3 297 million (31 December 2017: R1 919 million), details of which are reflected in note 9 to the financial statements. This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R2 186 million (31 December 2017: R3 198 million).

Net cash at 31 December 2018 of R1 165 million (31 December 2017: R1 102 million net debt).

Assets

The consolidated ARM total assets of R34.7 billion (1H F2018: R32.5 billion) include ARM's investment in Harmony which was R1 882 million as at 31 December 2018 (31 December 2017: R1 444 million). Harmony's share price was R25.20 per share at 31 December 2018 (31 December 2017: R22.69 per share, 30 June 2018: R21.22 per share).

Nkomati Impairment

As at 31 December 2018, an impairment loss of the Nkomati Mine cash generating unit was recognised, largely due to a combination of:

- A decline in head grade, resulting in decreased metal output;

- An inability to generate sufficient cash to meet operational requirements; and
- An increase in production costs.

ARM's attributable share of the impairment loss amounted to R1 166 million before tax and R892 million after tax. The difference between the pre and post-tax charge does not correspond with the South African Corporate tax rate of 28%, as the tax charge on the impairment was limited to the deferred tax liability available for off-set on the Statement of financial position. Management did not recognise a deferred tax asset as the recoverability of such an asset is uncertain in the foreseeable future.

The recoverable amount of the cash generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 20.2% was used for the impairment calculation together with the following metal prices and exchange rate assumptions:

		2H F2019 Nominal	F2020 Nominal	F2021 Nominal	F2022 Nominal	Long-term Real
Nickel	US$/t	12 998	13 498	13 999	15 539	15 364
Platinum	US$/oz	855	1 090	1 138	1 172	1 173
Palladium	US$/oz	1 027	1 050	1 050	1 032	965
Gold	US$/oz	1 273	1 315	1 323	1 355	1 183
Copper	US$/t	6 221	6 925	7 040	7 241	6 516
Cobalt	US$/lb	35	33	30	25	19
Chrome concentrate-FOT*	US$/t	62	75	75	77	72
Exchange rate	R/US$	14.40	14.08	13.61	13.92	13.27

Operating safely

We are committed to creating and maintaining a safe work environment for all our employees. There were no fatalities at any of the ARM operations in the period under review. The Lost Time Injury Frequency Rate (LTIFR) improved to 0.36 in 1H F2019 from 0.41 per 200 000 man-hours for 1H F2018. 40 Lost Time Injuries (LTIs) were recorded compared to 51 in the corresponding period. All the South African ARM operations held annual Safety Days in alignment with the Mineral Council South Africa's National Safety Day.

Safety achievements in the period under review:

- At the annual Mine Safe Conference held in August 2018, Beeshoek Mine was awarded the first prize for "best improved safety performance" and second prize for "best safety performance in class". The mine recorded 17 000 fatality-free production shifts on 18 September 2018, an accomplishment that took 15 years and 6 months to achieve. In addition, Beeshoek Mine was announced second runner-up for the Best Performing Surface Mine in the annual Northern Cape Mine Managers' Association on 23 November 2018.
- As at 31 December 2018, Cato Ridge Works has been lost time injury free for 18 months.
- As at December 2018, Nkomati Mine has been lost time injury free for 8 months.

Safety figures and statistics in this report are presented on a 100% basis and exclude the ARM Coal operations which are managed by ARM's partner.

Changes to Mineral Resources and Mineral Reserves

There has been no material change to ARM's Mineral Resources and Mineral Reserves as disclosed in the Integrated Annual Report for the financial year ended 30 June 2018, other than depletion due to continued mining activities at the operations. An updated Mineral Resources and Mineral Reserves Statement will be issued in the Company's F2019 Integrated Annual Report.

ARM Ferrous

Headline earnings were 21% higher at R2 127 million (1H F2018: R1 765 million) driven by a 41% and 26% increase in headline earnings at the iron ore and manganese ore operations, respectively. Headline earnings for the alloy operations (including Sakura Ferroalloys) were 62% lower, impacted by reduced sales volumes and above inflation cost increases.

ARM Ferrous headline earnings (on 100% basis)

	six months ended 31 December		
R million	2018	2017	% change

Iron ore division	2 459	1 746	41
Manganese division	1 837	1 743	5
Chrome division	(7)	(18)	
Total	4 289	3 471	24
ARM share	2 145	1 736	24
Consolidation adjustments*	(18)	29	
Headline earnings attributable to ARM	2 127	1 765	21

* The consolidation adjustment of R18 million relates to capitalised fees adjustments.

Capital expenditure

Assmang capital expenditure (on 100% basis) increased by 70% to R1 978 million (1H F2018: R1 166 million).

Capital expenditure at the Iron ore division (on a 100% basis) increased from R609 million to R1 028 million mainly due to:

- Commencement of capitalised waste stripping in the Bruce Pit;
- Increased capitalised waste stripping at the Khumani King Pit and Beeshoek Village Pit; and
- Fleet and mining equipment replacement at Khumani Mine as part of the life cycle of the machinery.

The Manganese division's capital expenditure increased by 71% to R950 million (1H F2018: R557 million). R713 million of the capital expenditure related to the modernisation and optimisation of the Gloria Mine within the Black Rock Mine as approved in F2018. The Gloria Mine decline shaft shut-down commenced in November 2018 and is on schedule for completion in April 2019. Site establishment of the civils and earthworks contractor has also commenced while the design work for the new Gloria Plant has been completed. The capital approved for Gloria Mine will enable Black Rock Mine flexibility to produce different product specifications (from high to medium grade) as the ability to deliver different specification products to customers has become a key differentiator. In addition, production capacity at Black Rock Mine will increase to approximately 5 million tonnes per annum with any ramp up to be closely synchronised with Transnet rail availability.

Cato Ridge Works' capital expenditure (on 100% basis) was R20 million compared to R12 million in 1H F2018.

ARM Ferrous capital expenditure (on 100% basis)

	six months ended 31 December		
R million	2018	2017	% change
Iron ore	1 028	609	69
Manganese	950	557	71
Total	1 978	1 166	70

Iron ore division

Assmang's average realised US Dollar prices for export iron ore were 12% higher at US$69/t (1H F2018: US$59/t) (on an FOB basis). This increase in realised prices was driven mainly by an increase in lump premiums together with higher lump to fines ratio in iron ore sales (58% compared to 52% in 1H F2018).

Total iron ore sales volumes were 4% lower at 8.8 million tonnes (1H F2018: 9.1 million). Of the 8.8 million tonnes sold 7.2 million tonnes were exported (1H F2018: 7.4 million tonnes) and 1.6 million tonnes were sold locally (1H F2018: 1.7 million tonnes).

Production volumes decreased by 4% mainly due to water supply challenges at Khumani Mine. Assmang continues to engage with the Sedibeng Water Board to address challenges experienced on the Vaal Gamagara Water System and is part of a collaborative team effort to recapitalise and upgrade the water system to ensure sufficient capacity and the sustainability of the system. The financial impact of possible adjustments to the capital user charge, as a result of the upgrade of the Vaal Gamagara Water System, remains uncertain.

In addition, availability challenges were experienced on the Sishen Saldanha Export Channel. In December 2018 a truck carrying an abnormal load which exceeded the bridge height collided into a railway bridge, causing structural damage to the bridge and the railway line above. Train movements in both directions were therefore impacted. Transnet responded by putting in place a temporary bridge during the construction of a new bridge, which was delivered two days earlier than scheduled.

On-mine unit production costs at Khumani Mine increased by 8% to R218//t compared to R201/t in 1H F2018 mainly due to the 5% decline in production volumes and above inflation increases in diesel and labour costs. Beeshoek Mine achieved a 1% reduction in on-mine unit production costs.

Iron ore division operational statistics (on 100% basis)

	unit	6 months ended 31 December 2018	2017	% change
Volumes				
Export sales	000t	7 246	7 387	(2)
Domestic sales	000t	1 507	1 743	(14)
Total sales	000t	8 752	9 121	(4)
Production	000t	8 742	9 143	(4)
Export lump/fines split	%	58/42	52/48	
Export sales CIF/FOB split *	%	48/52	47/53	
Prices				
Average realised price FOB **	US$/t	69	59	12
Unit costs				
Change in on-mine production unit costs	%	6	(1)	
Change in unit cost of sales	%	6	9	

* CIF refers to sales on a Cost, Insurance and Freight basis while FOB refers to sales on a Free On Board basis.
** This is the average realised price of total sales where the CIF sales are adjusted to an FOB basis by taking off the freight rate.

Manganese ore division

Manganese ore sales volumes increased by 3% from 1.56 million tonnes in 1H F2018 to 1.61 million tonnes in 1H F2019. Of the 1.61 million tonnes sold 1.53 million tonnes were exported. Production volumes at Black Rock Mine decreased by 7% mainly as a result of the planned shutdown of the Gloria Mine conveyor together the commissioning of new infrastructure at the mine as part of the Black Rock Project.

Black Rock on-mine unit production costs increased by 14% from R534 per tonne in 1H F2018 to R608 per tonne in 1H F2019. The main reasons for this above-inflation increase were higher labour costs and fuel prices, as well as lower production volumes as discussed above.

Total manganese alloy sales volumes increased by 1% to 164 thousand tonnes (1H F2018: 162 thousand tonnes). Manganese alloy production at Sakura increased from 122 thousand tonnes to 129 thousand tonnes.

At Cato Ridge (Works and Alloys) production volumes were lower by 1% to 68 thousand tonnes, however, sales volumes were 9% higher at 62 thousand tonnes (1H F2018: 57 thousand tonnes).

Manganese division operational statistics (on 100% basis)

	unit	6 months ended 31 December 2018	2017	% change
Manganese ore volumes				
Export sales	000t	1 531	1 516	1
Domestic sales	000t	74	40	85
Total sales	000t	1 605	1 556	3
Production	000t	1 737	1 865	(7)
Manganese alloy volumes				
South African operations - sales	000t	64	57	12
Sakura - sales	000t	100	105	(5)
South African operations - production	000t	68	68	(4)
Sakura - production	000t	129	122	6
Unit costs - manganese ore				
Change in on-mine production unit costs	%	14	23	
Change in unit cost of sales	%	11	5	
Unit costs - manganese alloy				
Change in unit production costs	%	16	23	
Change in unit cost of sales	%	15	(12)	

Logistics:

Assmang's manganese ore export volumes are fully contracted with Transnet for F2019, F2020 and F2021 through both the Port Elizabeth and Saldanha export channels. In terms of the long-term allocation from F2022 onwards, Assmang is in ongoing negotiations with Transnet to synchronise the ramp up of Black Rock Mine with the medium and longer-term (MECA2 and MECA3) Transnet capacity process.

Transnet is expected to run short on deliveries for Assmang's export contractual commitments for manganese ore and iron ore for F2019, due to availability challenges on the Sishen Saldanha Export Channel. Management have introduced alternative modes of transport to achieve sales targets by the end of F2019.

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

ARM Platinum

ARM Platinum's attributable headline earnings decreased by 26% to R167 million (1H F2018: R226 million), mainly due to a headline loss reported for Nkomati Mine. Modikwa Mine's attributable headline earnings improved due to an increase in metal prices combined with a reduction in unit costs. As previously reported, the concentrate offtake agreements for both Modikwa and Nkomati mines were renegotiated with temporary improvement to the agreement terms and conditions. This impacted positively on Modikwa Mine's headline earnings and partly offset the headline loss at Nkomati Mine.

ARM Platinum attributable headline earnings/(loss)

	6 months ended 31 December		
R million	2018	2017	% change
Two Rivers Mine	180	173	4
Modikwa Mine	173	36	>200
Nkomati Mine	(186)	17	-
Total	167	226	(26)

Improved Rand palladium (18%), rhodium (111%), nickel (23%) and cobalt (40%) prices contributed significantly to the Modikwa and Two Rivers results. The average Rand per 6E kilogram basket price for both Modikwa Mine and Two Rivers Mine increased by 20% to R452 307/kg (1H F2018: R375 776/kg) and R437 441/kg (1H F2018: R365 825/kg) respectively. The tables below set out the relevant price comparison:

Average US Dollar metal prices

		6 months ended 31 December		
	unit	2018	2017	% change
Platinum	US$/oz	818	936	(13)
Palladium	US$/oz	1 055	947	11
Rhodium	US$/oz	2 391	1 199	99
Nickel	US$/t	13 030	11 213	16
Copper	US$/t	6 390	6 690	(4)
Cobalt	US$/lb	36	27	33
UG2 chrome concentrate - Two Rivers (CIF*)	US$/t	157	159	(1)
High sulphur chrome concentrate - Nkomati (FOT**)	US$/t	66	69	(4)

* CIF refers to Cost, Insurance and Freight
** FOT refers to Free On Truck

Average Rand metal prices

		6 months ended 31 December		
	unit	2018	2017	% change
Exchange Rate	R/US$	14.19	13.39	6
Platinum	R/oz	11 610	12 538	(7)
Palladium	R/oz	14 967	12 677	18
Rhodium	R/oz	33 932	16 050	111
Nickel	R/t	184 896	150 145	23
Copper	R/t	90 679	89 577	1
Cobalt	R/lb	505	360	40
UG2 chrome concentrate - Two Rivers (CIF*)	R/t	2 227	2 130	5
High sulphur chrome concentrate - Nkomati				

(FOT**)	R/t	940	920	2

* CIF refers to Cost, Insurance and Freight
** FOT refers to Free On Truck

Lower PGM production at Modikwa Mine (2%), Two Rivers Mine (10%) and Nkomati Mine (23%) resulted in ARM Platinum's PGM ounces (on a 100% basis) reducing by 9% to 384 849 6E ounces (1H F2018: 422 104 6E ounces).

Nkomati Mine's nickel production decreased by 2% to 6 624 tonnes (1H F2018: 6 733 tonnes) as a result of a 5% decrease in the average concentrator recovery due to Very Low Grade (VLG) MMZ stock pile material being milled.

Capital expenditure

Capital expenditure at ARM Platinum operations (on a 100% basis) slightly increased to R655 million (1H F2018: R644 million).

Capital expenditure at Modikwa Mine (on 100% basis) decreased by 30% to R152 million (1H F2018: R218 million). Of the capital spent in 1H F2018, 31% is associated with the North Shaft Project and 6% with the South Shaft Project, (both of which are discussed further under Projects in this section). Thirty-nine percent of the capital expenditure was spent on fleet refurbishment and critical spares.

Of the R247 million capital spent at Two Rivers in 1H F2019, 35% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 55% of the total capital expenditure.

Nkomati Mine's 1H F2019 capital expenditure of R256 million (on 100% basis) was mainly for capitalised waste stripping which increased by 97% to R225 million as a result of accelerated waste stripping in order to expose higher grade MMZ ore.

ARM Platinum capital expenditure (on 100% basis)

	six months ended 31 December		
R million	2018	2017	% change
Modikwa	152	218	(30)
Two Rivers	247	226	9
Nkomati	31	86	(64)
Nkomati capitalised waste stripping	225	114	97
Total	655	644	2

Two Rivers Mine

Attributable headline earnings at Two Rivers Mine increased by 4% to R180 million (1H F2018: R173 million). A 3% decrease in tonnes milled and a 5% reduction in head grade, led to PGMs produced declining by 10% to 160 971 6E ounces (1H F2018: 178 702 6E ounces). In addition, chrome concentrate sales volumes declined by 10% to 104 555 tonnes as a result of a lower chrome yield, a direct consequence of the lower PGM grade. This, combined with a 24% decline in the Rand chrome price from July 2018 to December 2018, resulted in chrome cash operating profit declining by 23% to R79 million (1H F2018: R102 million).

Continued complexity in the ore body resulted in lower grades delivered to the plant. The decline in head grade is largely attributable to geologically-induced dilution associated with high variability in the UG2 Reef on the Southern extent of the Main Decline. This has resulted in the adaption of mining cuts to suit the highly variable split reef which results in lower grades. There is also limited face length flexibility in obtaining the optimal blend of ore from split reef and normal reef sources at Main Decline. An accelerated sinking programme is under execution to address the face length flexibility constraint. It is planned to sink Main Decline and establish an additional two levels per year going forward, which will improve the mining mix blend. Areas of thick, lower grade split reef are expected to continue affecting the overall mining grade negatively at Main Decline for the next 12 months, resulting in overall mining grades of between 3.50 and 3.60 6E grams per tonne. Undercutting of the thick internal waste within the split reef is also undertaken wherever practically possible.

Unit production costs on a Rand per tonne milled basis were well controlled increasing by 2% to R709 per tonne (1H F2018: R694 per tonne). The Rand per PGM ounce, however, increased by 10% to R7 338 per 6E ounce (1H F2018: R6 655 per 6E ounce), as a direct result of the decline in grade. There was a 16 310 tonne increase in the UG2 Run-of-Mine stockpile to a total of 267 973 tonnes of ore as at 31 December 2018.

Two Rivers Mine operational statistics (on 100% basis)

	unit	six months ended 31 December 2018	2017	% change
Cash operating profit	R million	707	681	4
- PGMs	R million	628	580	8
- Chrome	R million	79	102	(23)
Tonnes milled	Mt	1.67	1.71	(2)
Head grade	g/t, 6E	3.53	3.70	(5)
PGMs in concentrate	ounces, 6E	160 971	178 702	(10)
Chrome concentrate sold	Tonnes	104 555	115 657	(10)
Average basket price	R/kg, 6E	437 441	365 825	20
Average basket price	US$/oz, 6E	959	850	13
Cash operating margin	%	34	35	
Cash cost	R/kg, 6E	235 930	213 971	10
Cash cost	R/tonne	709	694	2
Cash cost	R/Pt oz	15 615	14 253	10
Cash cost	R/oz, 6E	7 338	6 655	10
Cash cost	US$/oz, 6E	517	497	4
Headline earnings attributable to ARM	R million	180	173	4

Modikwa Mine

Modikwa Mine achieved attributable headline earnings of R173 million (1H F2018: R36 million). Tonnes milled remained flat, but a 2% decrease in head grade resulted in PGM production decreasing by 2% to 171 704 6E ounces (1H F2018: 175 899 6E ounces). The decline in head grade was mainly due to a thinner main seam mined near challenging geological structures and in-stope dilution caused by adverse hanging wall conditions. The above conditions are expected to improve over the next two years as mining moves closer to the shaft barrels away from the geological structures causing dilution and as South 2 Shaft deepens.

Unit production costs decreased by 3%, to R8 560 per 6E PGM ounce (1H F2018: R8 832 per 6E PGM ounce) and were 5% lower on a Rand per tonne basis at R1 189 per tonne (1H F2018: R1 258 per tonne).

South 2 Shaft phase 1 achieved on average 47 thousand tonnes per month for the past six months. It is anticipated that steady state production rates of 50 thousand tonnes will be achieved in F2019.

Modikwa Mine operational statistics (on 100% basis)

	unit	six months ended 31 December 2018	2017	% change
Cash operating profit/(loss)	R million	708	200	>200
Tonnes milled	Mt	1.24	1.24	-
Head grade	g/t, 6E	5.07	5.15	(2)
PGMs in concentrate	ounces, 6E	171 704	175 899	(2)
Average basket price	R/kg, 6E	452 307	375 776	20
Average basket price	US$/oz, 6E	991	873	14
Cash operating margin	%	33	12	
Cash cost	R/kg, 6E	275 207	283 964	(3)
Cash cost	R/tonne	1 189	1 258	(5)
Cash cost	R/Pt oz	21 867	22 548	(3)
Cash cost	R/oz, 6E	8 560	8 832	(3)
Cash cost	US$/oz, 6E	603	660	(9)
Headline earnings/(loss) attributable to ARM	R million	173	36	>200

Nkomati Mine

Nkomati Mine reported an attributable headline loss of R186 million (1H F2018: R17 million headline earnings) for the period under review as spot nickel prices reduced from US$14 940 on 1 July 2018 to US$10 595 on 31 December 2018, resulting in a negative mark-to-market adjustment of R158 million. In the corresponding period, the nickel spot price increased from US$9 375/t on 1 July 2017 to US$12 645/t on 31 December 2017, resulting in a positive mark-to-market of R308 million during that period. Lower nickel sales volumes (3 532 tonnes compared to 4 178 tonnes) also contributed to the headline loss.

The poor financial performance was intensified by lower chrome concentrate sales (160 769 tonnes compared to 198 928 tonnes) combined with a 36% decrease in the average Rand chrome price from July 2018 to December 2018.

Nkomati Mine's total tonnes milled increased by 1% to 4.12 million tonnes (1H F2018: 4.08 million tonnes). Nickel production volumes, however, decreased to 2% to 6 624 tonnes (1H F2018: 6 733 tonnes). The main reasons for this were:

- Pit 3 mining operations remain constrained as a result of the historical insufficient waste stripping, resulting in insufficient MMZ ore availability during the reporting period;

- As a result of insufficient ore supply, higher than expected processing of Very Low Grade (VLG) MMZ stockpile material (approximately 0,8 million tonnes during the period) was used to supplement the shortfall of MMZ ore to ensure that both mills operate at maximum capacity. The VLG MMZ material had an average nickel grade of 0.18%, which resulted in the average mill feed grade of 0.27% nickel for the period.

The mine revaluated of design parameters for the saprolite zones of the pit's Western high wall and design changes were implemented to improve structural stability of the soft weathered zone. This has resulted in more stable high wall conditions and hence improved mining efficiencies and volumes were achieved during the review period.

Nkomati Mine had 23 thousand tonnes of nickel concentrate in stock as at 31 December 2018 due to shipping delays.

Nkomati Mine's on-mine unit production cost (excluding capitalised waste stripping) was 11% higher at R346/t (1H F2018: R311/t) as a result of above inflation increase in mining costs, diesel price, maintenance costs and tyres. C1 unit cash cost net of by-products (including capitalised waste stripping cost) was 59% higher at US$7.87/lb (1H F2018: US$4.95/lb) of nickel produced. The increase in C1 unit cash costs was due to reduced by-product credits, increased mining cost and lower nickel units produced. Waste stripping costs of R225 million (1H F2018: R114 million) were capitalised during the period.

Nkomati Mine operational statistics (on 100% basis)

		six months ended 31 December		
	unit	2018	2017	% change
Cash operating profit	R million	(260)	293	
- Nickel Mine	R million	(373)	175	
- Chrome Mine	R million	112	118	(5)
Cash operating margin	%	(24)	17	
Tonnes milled	Mt	4.12	4.08	1
Head grade	% nickel	0.25	0.24	4
Nickel on-mine cash cost per tonne milled	R/tonne	346	311	11
Nickel on-mine cash cost per tonne milled (including capitalised waste stripping costs)	R/tonne	401	339	18
Cash cost net of by-products*	US$/lb	7.87	4.95	59
Contained metal				
Nickel	tonnes	6 624	6 733	(2)
PGMs	ounces	52 174	67 503	(23)
Copper	tonnes	3 222	4 482	(28)
Cobalt	tonnes	386	356	8
Chrome concentrate sold	tonnes	160 769	198 928	(19)
Headline (loss)/earnings attributable to ARM	R million	(186)	17	

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

Projects

Modikwa Mine

In order to maintain the current production profile and eventually ramp-up, the operation initiated the North Shaft Deepening Project and the South 2 Shaft Project. The current status of these projects are detailed below:

- Deepening of North Shaft - Entails the deepening of North Shaft from Level 6 to Level 9 thereby establishing two new mining levels. The 9 Level mining development and equipping is on track to meet the revised schedule; anticipated handover for the ore transfer system is F2020.

- Sinking of South 2 Shaft - Scope included the establishment of a decline shaft system South of the current South Shaft Infrastructure. The first phase of the project is expected to enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project has been completed and is expected to take the production capacity to 50 000 tonnes of ore per month by F2019.

The ARM Platinum division comprises three operating mines:

- Modikwa - ARM Mining Consortium has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo American Platinum.

- Two Rivers - an ARM subsidiary in which ARM has a 54% shareholding and Implats 46%. ARM's shareholding in Two Rivers increased from 51% to 54% effective from 8 November 2017, when Two Rivers' amended mining right, including the mining rights transferred to it, was executed by the Department of Mineral Resources.

- Nkomati - a 50:50 partnership between ARM and Norilsk Nickel Africa.

ARM Coal

ARM Coal attributable headline earnings decreased by 59% to R65 million (1H F2018: R160 million). Headline earnings were negatively impacted by re-measurement losses of R206 million as discussed in the financial results overview section. Interest expense reduced by 45% to R141 million (1H F2018: R257 million) due to the ARM Coal debt restructuring. The notional interest together with the re-measurement loss, are not tax deductible, resulting in a substantial increase in the tax charge for the period under review.

Seaborne coal prices were positively impacted by an increase in demand from India and China, slightly offset by a reduction in demand from Europe. The impact of the higher US Dollar prices was enhanced by the weakening of the average realised Rand/US Dollar exchange rate. Realised Rand prices for export coal increased by 15% from R1 000 per tonne in 1H F2018 to R1 154 per tonne in 1H F2019.

More than 80% of the export volumes at GGV Mine were high quality coal while only approximately 38% of PCB exports were high quality. This resulted in PCB's average received export price (US$77.69/t) being lower compared to GGV Mine (US$87.18/t).

ARM attributable saleable tonnes produced of 2.51 million tonnes were 3% lower than the 2.59 million tonnes produced in 1H F2018.

ARM Coal attributable headline earnings analysis

	six months ended 31 December			
R million	2018	2017 published	% change	2017*
Cash operating profit	873	751	16	751
Interest expense**	(141)	(257)	45	(164)
Amortisation	(302)	(249)	(21)	(249)
(Re-measurement loss)/fair value gain	(201)	(29)	>(200)	1 081
Impairment reversal/(charge)	3	(19)	-	(19)
Profit before tax	232	197	18	1 400
Plus/(less): Impairment	(3)	19	-	19
Less: Tax	(164)	(56)	191	(86)
Headline earnings attributable to ARM	65	160	(59)	1 333

* The ARM Coal debt was restructured with effect from 1 July 2017. The terms of the restructuring were finalised on 25 June 2018. This 2017 column which is presented on the restructured basis is provided for information purposes.
** Post restructuring of the ARM Coal loans all interest expense is notional.

Goedgevonden (GGV) Mine

Average received export US Dollar prices increased by 9% compared to 1H F2018. The impact of the higher prices was enhanced by a 6% weakening of the Rand versus the US Dollar. Export sales volumes was 13% lower compared to 1H F2018 due to inclement weather causing port closures at Richards Bay Coal Terminal, as well as an underperformance by Transnet Freight Rail. This resulted in an increase in coal stockpiles at GGV Mine. Attributable export revenue of R458 million in 1H F2019 was in line with 1H F2018.

An increase in local sales resulted in total attributable revenue increasing by 4.8% in 1H F2019 compared to 1H F2018.

Saleable production at GGV Mine was 9% higher than 1H F2018 due to an increase in plant feed resulting from a steady improvement in ROM production.

On-mine unit production costs per saleable tonne increased by 8.6% to R342. The increase was largely due to above inflationary increases in diesel costs.

Cash operating profit of R246 million was 3% higher than the previous period, however, GGV Mine reported a headline loss of R7 million (1H F2018: R35 million headline earnings) mainly due to re-measurement loss of R48 million and an increase in tax.

Goedgevonden Mine operational statistics (100% basis)

	unit	six months ended 31 December 2018	2017	% change
Total production and sales(100% basis)				
Saleable production	Mt	3.59	3.30	9
Export thermal coal sales	Mt	1.42	1.64	(13)
Domestic thermal coal sales	Mt	1.81	1.75	3
ARM attributable production and sales				
Saleable production	Mt	0.93	0.86	8
Export thermal coal sales	Mt	0.37	0.43	(14)
Domestic thermal coal sales	Mt	0.47	0.46	2
Average received coal price				
Export (FOB*)	US$/tonne	87.18	80.22	9
Domestic (FOT**)	R/tonne	259	232	12
On-mine saleable cost	R/tonne	343	315	9
Cash operating profit				
Total	R million	948	923	3
Attributable (26%)	R million	246	240	3
Headline (loss)/earnings attributable to ARM	R million	(7)	35	(120)

* FOB refers to Free On Board.
** FOT refers to Free On Truck.

Goedgevonden Mine attributable profit analysis

R million	six months ended 31 December 2018	2017 published	% change	2017*
Cash operating profit	247	240	3	240
Interest expense**	(72)	(113)	36	(77)
Amortisation	(84)	(78)	(8)	(78)
(Re-measurement loss)/fair value gain	(49)	(6)	>(200)	755
Profit before tax	42	43	2	840
Less: Tax	(49)	(8)	>(200)	(23)
Headline earnings attributable to ARM	(7)	35		817

* The ARM Coal debt was restructured with effect from 1 July 2017. The terms of the restructuring were finalised on 25 June 2018. This 2017 column which is presented on the restructured basis is provided for information purposes.
** Post restructuring of the ARM Coal loans all interest expense is notional.

Participating Coal Business (PCB)

PCB attributable cash operating profit increased by 23% to R626 million (1H F2018: R511 million). Revenue increased by 7% compared to 1H F2018 largely as a result of a 9% increase in US Dollar coal prices together with a 7% weakening of the Rand versus the US Dollar. This was partially offset by a 6% reduction in overall sales volumes.

Unit production costs per saleable tonne increased by 18% from R334 per tonne in 1H F2018 to R395 per tonne in 1H F2019. The increase in unit costs is largely due to a decline in saleable production and above inflation increases in diesel costs. Saleable production was 9% lower compared to 1H F2018.

The PCB operation was negatively impacted by industrial action in July 2018. ROM production was further impacted by the occurrence of sinkholes arising from old underground mined areas currently being mined at the Tweefontein Mine. Technical feasibilities have been performed and the mine is in the process of adopting a mining technique which will address possible instabilities in advance.

Headline earnings attributable to ARM was R72 million. (1H F2018: R125 million), and includes a fair value loss of R152 million.

PCB operational statistics

	unit	six months ended 31 December 2018	2017	% change
Total production sales (100% basis)				
Saleable production	Mt	7.84	8.57	(9)
Export thermal coal sales	Mt	5.86	6.71	(13)
Domestic thermal coal sales	Mt	1.39	0.97	43
ARM attributable production and sales				
Saleable production	Mt	1.58	1.73	(9)
Export thermal coal sales	Mt	1.18	1.36	(13)
Domestic thermal coal sales	Mt	0.28	0.20	40
Average received coal price				
Export (FOB*)	US$/tonne	77.69	71.13	9
Domestic (FOT**)	R/tonne	459	244	88
On-mine saleable cost	R/tonne	395	334	18
Cash operating profit				
Total	R million	3 100	2 529	23
Attributable (20.2%)	R million	626	511	23
Headline earnings attributable to ARM	R million	72	125	(42)

* FOB refers to Free On Board.
** FOT refers to Free On Truck.

PCB attributable profit analysis

R million	six months ended 31 December 2018	2017 published	% change	2017*
Cash operating profit	626	511	23	511
Interest expense **	(69)	(144)	52	(87)
Amortisation	(218)	(171)	(27)	(171)
(Re-measurement loss)/fair value gain	(152)	(23)	>(200)	325
Impairment reversal/(charge)	3	(19)		(19)
Profit before tax	190	154	23	559
Plus: Impairment	(3)	19		19
Less: Tax	(116)	(43)	(170)	(58)
Less: Tax on impairment	1	(5)		(5)
Headline earnings attributable to ARM	72	125	(42)	515

* The ARM Coal debt was restructured with effect from 1 July 2017. The terms of the restructuring were finalised on 25 June 2018. This 2017 column which is presented on the restructured basis is provided for information purposes
** Post restructuring of the ARM Coal loans all interest expense is notional.

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

Attributable refers to 20.2% of PCB whilst total refers to 100%.

Harmony Gold Mining Company Limited (Harmony)

Harmony reported a 93% decrease in headline earnings from R990 million to R73 million for 1H F2019 mainly due to translation loss of R180 million on US Dollar denominated debt at 31 December 2018 and lower derivative gains recognised in 1H F2019 of R20 million (1H F2018: R337 million). Headline earnings per share were 14 cents per share compared with 224 cents per share in 1H F2018.

Revenue increased by 40% mainly due to the inclusion of the Moab Khotsong operations (R2.7 billion) and Hidden Valley's production (R1.7 billion increase) for the full six-month period to 31 December 2018. The average gold price received declined by 1% to R572 898/kg (1H F2018: R580 672/kg).

Gold production increased by 34% to 23 359kg (1H F2018: 17 418kg) and was significantly boosted by the acquisition of Moab Khotsong Mine (effective 1 March 2018) and by Hidden Valley Mine, which achieved commercial levels of production in June 2018.

Harmony's all-in sustaining unit costs increased by 6% to R528 265/kg mainly as a result of lower production at Tshepong Mine, deferred stripping at Hidden Valley Mine and increased capital development expenditure at the Tshepong, Joel, Doornkop and Target 1 mines.

As announced on 11 December 2018, the Wafi-Golpu Joint Venture (WGJV) signed a Memorandum of Understanding (MOU) with the Independent State of Papua New Guinea (PNG) which affirmed the parties' intent to proceed with the Wafi-Golpu Project, subject to finalisation of the permitting process and Harmony and Newcrest Mining Limited board approvals. The MOU also re-affirmed the intention of the parties to complete the permitting process and achieve the grant of a Special Mining Lease (SML) by 30 June 2019.

The Harmony investment is reflected on the ARM Statement of Financial Position at R1 882 million as at 31 December 2018 (31 December 2016: R1 444 million). Harmony's share price was R25.20 per share at 31 December 2018 (31 December 2017: R22.69 per share, 30 June 2018: R21.22 per share). Gains and losses are recognised in equity (other comprehensive income) and will not be reclassified through profit or loss. Dividends from Harmony are recognised in the ARM Income Statement on the last day of registration following dividend declaration.

Harmony's results for interim period ended 31 December 2018 can be viewed on Harmony's website at www.harmony.co.za.

ARM owns 14.03% of Harmony's issued share capital.

Events after the reporting date

Events after the reporting date are set out in note 20 to the financial statements. Since 31 December 2018, ARM received a dividend of R1 500 million from Assmang.

On 6 February 2019 the Competition Commission of South Africa approved the acquisition by ARM of the Machadodorp Works business. The acquisition includes the assets and assumption of certain liabilities relating to the business. The purchase price amounted to R130 million which will be adjusted for cash amounts received and paid during the period 1 January 2017 to 28 February 2019. Since ARM owns 50% of Assmang, effectively 50% of the purchase price received by Assmang is attributable to ARM. These assets will be used for research and development purposes in the fields of alternative smelting and extraction technologies.

Outlook

US Dollar commodity prices remain well supported despite concerns about a potential slowdown in China's growth. China's focussed legislation and environmental restrictions in addressing pollution concerns continued to drive demand and provided price support for the high-quality bulk metals that we produce. Supply disruptions in some bulk metals are also contributing to commodity price strength in the short-term.

In the medium to long-term, China's shift to high-quality commodities and closure of high-cost and inefficient mines appears to be structural and together with reduced investment in expansionary capital across a number of commodities globally, is expected to provide price support for the commodities that we produce.

We are pleased to have moved towards improved regulatory certainty in the South African mining industry as evidenced by the finalisation of Mining Charter III. This has reduced one of ARM's top 10 risks namely "Uncertainty regarding policy change in South Africa". We anticipate the same level of engagement in effecting the Implementation Guidelines to Mining Charter III which were published in December 2018.

We have seen an increased level of business interruption due to community unrest in communities where our mines are located. While we have dedicated resources at executive and operational level for stakeholder engagement, along with formal communication structures with surrounding communities, we expect that there is likely to be an increase in these interruptions, which are primarily related to service delivery, as we approach national elections in May 2019.

Mining remains a long-term capital-intensive industry and we are committed to investing in current operations to grow the business and be well positioned to take advantage of ever-changing pricing cycles in the commodities we mine. We continue to assess value-accretive external growth opportunities and prioritise our policy to pay dividends bi-annually in line with our communicated capital allocation framework.

ARM's financial position remains robust, allowing ARM to take advantage of future growth opportunities and realign existing non-performing businesses where required.

Dividends

The Board has approved and declared an interim dividend of 400 cents per share (gross) in respect of the six months ended 31 December 2018 (1H F2018: 250 cents per share). The amount to be paid is approximately R888 million.

This declaration is consistent with ARM's commitment, as a globally competitive company, to pay dividends while retaining the ability to fund efficiency improvements and sustaining production.

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

- The dividend has been declared out of income reserves;
- The South African Dividends Tax ("Dividends Tax") rate is 20% (twenty percent);
- The gross local dividend amount is 400 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 320.00000 cents per share for shareholders liable to pay the Dividends Tax;
- As at the date of this declaration ARM has 221 933 850 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 400 cents per ordinary share, being the dividend for the six months ended 31 December 2018 has been declared payable on Monday, 8 April 2019 to those shareholders recorded in the books of the Company at the close of business on Friday, 5 April 2019. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Friday, 5 April 2019. The last day to trade ordinary shares cum dividend is Tuesday, 2 April 2019. Ordinary shares trade ex-dividend from Wednesday, 3 April 2019. The record date is Friday, 5 April 2019 whilst the payment date is Monday, 8 April 20189.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 3 April 2019 and Friday, 5 April 2019, both dates inclusive, nor may any transfers between registers take place during this period.

Review by independent auditors

The financial results for the six months ended 31 December 2018 have not been reviewed or audited by the Company's registered auditors, Ernst & Young Inc.

Signed on behalf of the Board:

P T Motsepe
Executive Chairman

M P Schmidt
Chief Executive Officer

Johannesburg
1 March 2019

Group financial statements

Group statement of financial position
as at 31 December

		Unaudited Six months ended 31 December		Audited Year ended 30 June
			*Restated	
		2018	2017	2018
	Notes	Rm	Rm	Rm
ASSETS				
Non-current assets				
Property, plant and equipment	4	6 981	7 989	7 916
Intangible assets		115	124	120
Deferred tax assets		525	663	620
Loans and long-term receivables	5	406	38	462
Investment in associate	6	1 628	1 445	1 798
Investment in joint venture	7	15 904	15 626	15 504
Other investments	8	2 165	1 648	1 561
		27 724	27 533	27 981
Current assets				
Inventories		806	692	591

Trade and other receivables		2 649	2 283	2 357
Taxation		258	97	85
Cash and cash equivalents	9	3 297	1 919	3 291
		7 010	4 991	6 324
Assets held for sale		-	1	-
Total assets		34 734	32 525	34 305
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		11	11	11
Share premium		4 689	4 396	4 398
Treasury shares		(2 405)	(2 405)	(2 405)
Other reserves		1 517	1 310	1 419
Retained earnings		22 452	20 073	22 484
Equity attributable to equity holders of ARM		26 264	23 385	25 907
Non-controlling interest		1 617	1 541	1 471
Total equity		27 881	24 926	27 378
Non-current liabilities				
Long-term borrowings	10	1 679	2 311	1 744
Deferred tax liabilities		1 543	1 574	1 634
Long-term provisions		1 193	1 181	1 135
		4 415	5 066	4 513
Current liabilities				
Trade and other payables		1 654	1 505	1 406
Short-term provisions		252	235	374
Taxation		79	83	82
Overdrafts and short-term borrowings	10	453	710	552
		2 438	2 533	2 414
Total equity and liabilities		34 734	32 525	34 305

Group statement of profit or loss
for the six months ended 31 December

		Unaudited		
		Six months ended 31 December		Year ended 30 June
			Restated(1)	
		2018	2017	2018
	Notes	Rm	Rm	Rm
Revenue		4 524	4 794	9 112
Revenue from continuing operations	3	4 524	4 454	8 772
Revenue from discontinued operations	3	-	340	340
Sales	1&3	4 147	4 174	8 142
Cost of sales	1&3	(3 346)	(3 369)	(6 696)
Gross profit		801	805	1 446
Other operating income(2)		496	453	1 527
Other operating expenses(3)		(797)	(620)	(1 263)
Profit from operations before special items		500	638	1 710
Income from investments		130	103	177
Finance costs		(145)	(174)	(360)
Income from associate(4)	6	75	111	619
Income from joint venture(5)	7	2 121	1 765	3 510
Profit before taxation and special items		2 681	2 443	5 656
Special items	11	(1 166)	1	(42)
Profit before taxation from continuing operations		1 515	2 444	5 614
Taxation	13	(19)	(334)	(573)
Profit for the period from continuing operations		1 496	2 110	5 041
Discontinued operations				
Loss for the period from discontinued operations		-	(219)	(219)
Profit/(loss) for the period (all operations)		1 496	1 891	4 822
Attributable to:				
Equity holders of ARM				
Profit for the period from continuing operations		1 306	1 938	4 747

Loss for the period from discontinued operations		-	(185)	(185)
Basic earnings for the period		1 306	1 753	4 562
Non-controlling interest				
Profit for the period from continuing operations		190	172	294
Loss for the period from discontinued operations		-	(34)	(34)
		190	138	260
Profit for the period		1 496	1 891	4 822

(1) 1HF2018 and F2018 were restated as a result of implementing IFRS 15 - Revenue from contracts with customers (refer note 1 and 3).
(2) Includes a R4 million fair value gain on investment in RBCT in terms of IFRS 9 adopted this period (refer note 1).
(3) Includes a R4 million re-measurement loss on loans in Modikwa in terms of IFRS 9 adopted this period (refer note 1).The re-measurement adjustment loss on the ARM Coal loans was R113 million (1H F2018: nil), (1H F2018: R652 million).
(4) The re-measurement adjustment loss on the ARM Coal loans was R152 million (1H F2018: Nil), (F2018: R325 million).
(5) Impairment included in income from joint venture of R20 million before tax of R6 million (1H F2018: nil), (F2018: R26 million before tax of R7 million).

Earnings per share	12			
Basic earnings per share (cents)		682	922	2 393
Basic earnings from continuing operations per share (cents)		682	1 019	2 490
Basic loss from discontinued operation per share (cents)		-	(97)	(97)
Diluted basic earnings per share (cents)		667	895	2 325
Diluted basic earnings from continuing operations per share (cents)		667	990	2 419
Diluted basic loss from discontinued operation per share (cents)		-	(95)	(94)

Group statement of comprehensive income
for the six months ended 31 December 2018

	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Six months ended 31 December 2018 (Unaudited)						
Profit for the period	-	-	1 306	1 306	190	1 496
Total other comprehensive income	248	41	-	289	-	289
Other comprehensive income that will not be reclassified to the statement of profit or loss in subsequent periods:						
Net impact of revaluation of listed investment	248	-	-	248	-	248
Revaluation of listed investment(1)	320	-	-	320	-	320
Deferred tax on above	(72)	-	-	(72)	-	(72)
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Foreign currency translation reserve movement	-	41	-	41	-	41
Total comprehensive income for the period	248	41	1 306	1 595	190	1 785
Six months ended 31 December 2017 (Unaudited)						
Profit for the period	-	-	1 753	1 753	138	1 891
Profit for the period from continuing operations	-	-	1 938	1 938	172	2 110
Loss for the period from discontinued operations	-	-	(185)	(185)	(34)	(219)
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Total other comprehensive income/(loss)	50	(687)	-	(637)	-	(637)
Net impact of revaluation of listed investment	50	-	-	50	-	50
Revaluation of listed investment(1)	64	-	-	64	-	64
Deferred tax on above	(14)	-	-	(14)	-	(14)

Foreign currency translation reserve movement from continuing operations	-	(37)	-	(37)	-	(37)
Foreign currency translation reserve movement from discontinued operation in prior year(2)	-	(730)	-	(730)	-	(730)
Foreign currency translation reserve movement from discontinued operation current year(2)	-	80	-	80	-	80
Total comprehensive loss for the period	50	(687)	1 753	1 116	138	1 254

	Financial instruments at fair value through other compre-hensive income Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Year ended 30 June 2018 (Audited)						
Profit for the period	-	-	4 562	4 562	260	4 822
Profit for the year from continuing operations	-	-	4 747	4 747	294	5 041
Loss for the year from discontinued operation	-	-	(185)	(185)	(34)	(219)
Other comprehensive income that may be reclassified to the statement of profit or loss in subsequent periods:						
Total other comprehensive loss	(22)	(526)	-	(548)	-	(548)
Net impact of revaluation of listed investment	(22)	-	-	(22)	-	(22)
Revaluation of listed investment(1)	(29)	-	-	(29)	-	(29)
Deferred tax on above	7	-	-	7	-	7
Premium on non-controlling interest release	-	14	-	14	-	14
Foreign currency translation reserve movement from continuing operations	-	110	-	110	-	110
Foreign currency translation reserve movement from discontinued operation current year movement2	-	(80)	-	(80)	-	(80)
Foreign currency translation reserve movement from discontinued operation current year reversed - included in sale of Lubambe(2)	-	80	-	80	-	80
Foreign currency translation reserve movement from discontinued operation(2)	-	(650)	-	(650)	-	(650)
Total comprehensive loss for the period	(22)	(526)	4 562	4 014	260	4 274

(1) The share price of Harmony Limited at 31 December 2018 was R 25.20, R21.22 at 30 June 2018, R22.69 at 31 December 2017, and R21.68 at 30 June 2017 per share. The valuation of the investment in Harmony is based on a level 1 fair value hierarchy level in terms of IFRS. The current period amount includes the revaluation of the additional 11 032 623 shares purchased at a total cost of R211 million (refer cash flow statement). ARM shareholding at 31 December 2018 was 14.03% (1H2018:14.3%, 30 June 2018: 12.7%).

(2) This relates to the foreign currency translation reserve on presentation of Lubambe Mine financial results from US dollars translated into South African Rands.

Group statement of changes in equity
for the six months ended 31 December 2018

	Share capital and premium Rm	Treasury share capital Rm	Financial instrument at fair value through other com-prehensive income Rm	Share-based payment Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Six months ended 31 December 2018 (Unaudited)									
Balance at 30 June 2018	4 409	(2 405)	392	1 107	(80)	22 484	25 907	1 471	27 378
Restatements									
Fair value adjustment ARM Coal RBCT1	-	-	-	-	-	72	72	-	72

Re-measurement adjustment Modikwa(1)	-	-	-	-	-	23	23	-	23
Opening balance restated 1 July 2018	4 409	(2 405)	392	1 107	(80)	22 579	26 002	1 471	27 473
Total comprehensive income for the period	-	-	248	-	41	1 306	1 595	190	1 785
Profit for the period	-	-	-	-	-	1 306	1 306	190	1 496
Other comprehensive income	-	-	248	-	41	-	289	-	289
Bonus and performance shares issued to employees	291	-	-	(291)	-	-	-	-	-
Dividend paid	-	-	-	-	-	(1 433)	(1 433)	-	(1 433)
Dividend paid to Impala Platinum	-	-	-	-	-	-	-	(44)	(44)
Share-based payments	-	-	-	100	-	-	100	-	100
Balance at 31 December 2018	4 700	(2 405)	640	916	(39)	22 452	26 264	1 617	27 881
Six months ended 31 December 2017 (Unaudited)									
Balance at 30 June 2017	4 290	(2 405)	414	1 017	625	19 556	23 497	543	24 040
Total comprehensive income/(loss) for the period	-	-	50	-	(687)	1 753	1 116	138	1 254
Profit for the period	-	-	-	-	-	1 753	1 753	138	1 891
Other comprehensive income/(loss)	-	-	50	-	(687)	-	(637)	-	(637)
Bonus and performance shares issued to employees	117	-	-	(117)	-	-	-	-	-
Tamboti asset sale to Two Rivers	-	-	-	-	(99)	-	(99)	99	-
Non-controlling interest derecognised on sale of Lubambe	-	-	-	-	-	-	-	822	822
Dividend paid	-	-	-	-	-	(1 236)	(1 236)	-	(1 236)
Dividend paid to Impala Platinum	-	-	-	-	-	-	-	(61)	(61)
Share-based payments	-	-	-	107	-	-	107	-	107
Balance at 31 December 2017	4 407	(2 405)	464	1 007	(161)	20 073	23 385	1 541	24 926

(1) This relates to the adoption adjustments in terms of IFRS 9 on the investment in RBCT and loans in Modikwa (refer note 1).

	Share capital and premium Rm	Treasury share capital Rm	Financial instrument at fair value through other comprehensive income Rm	Share based payment Rm	Other Rm	Retained earnings Rm	Total shareholders of ARM Rm	Non-controlling interest Rm	Total Rm
Year ended 30 June 2018 (Audited)									
Balance at 30 June 2017	4 290	(2 405)	414	1 017	625	19 556	23 497	543	24 040
Total comprehensive (loss)/income for the year	-	-	(22)	-	(526)	4 562	4 014	260	4 274
Profit for the year 30 June 2018	-	-	-	-	-	4 562	4 562	260	4 822
Other comprehensive loss	-	-	(22)	-	(526)	-	(548)	-	(548)
Bonus and performance shares issued to employees	119	-	-	(119)	-	-	-	-	-
Tamboti assets sale to Two Rivers	-	-	-	-	(99)	-	(99)	99	-
Reclassification of foreign currency translation reserve included in loss on sale of Lubambe	-	-	-	-	(80)	80	-	-	-
Dividend paid	-	-	-	-	-	(1 714)	(1 714)	-	(1 714)
Dividend paid to Impala Platinum	-	-	-	-	-	-	-	(253)	(253)
Non-controlling interest derecognised on sale of Lubambe	-	-	-	-	-	-	-	822	822
Share based payments	-	-	-	209	-	-	209	-	209
Balance at 30 June 2018	4 409	(2 405)	392	1 107	(80)	22 484	25 907	1 471	27 378

Group statement of cash flows
for the six months ended 31 December 2018

Unaudited Audited

	Notes	Six months ended 31 December 2018 Rm	2017 Rm	Year ended 30 June 2018 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		4 412	4 748	9 195
Cash paid to suppliers and employees		(3 631)	(3 808)	(7 261)
Cash generated from operations	14	781	940	1 934
Interest received		111	54	159
Interest paid		(35)	(48)	(100)
Taxation paid		(264)	(325)	(426)
		593	621	1 567
Dividends received from joint venture	7	1 750	1 000	3 000
		2 343	1 621	4 567
Dividends paid to non-controlling interest - Impala Platinum		(44)	(61)	(253)
Dividends paid		(1 433)	(1 236)	(1 714)
Net cash inflow from operating activities		866	324	2 600
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment to maintain operations		(505)	(603)	(1 150)
Dividends received from investments		8	22	22
Proceeds on disposal of property, plant and equipment		1	2	3
Proceeds on disposal of investment		-	741	741
Investment in Harmony	8	(211)	-	-
Investments in Richards Bay Coal Terminal		-	(2)	-
Loans and receivables received		-	-	3
Net cash (outflow)/inflow from investing activities		(707)	160	(381)
CASH FLOW FROM FINANCING ACTIVITIES				
Long-term borrowings raised		-	200	496
Long-term borrowings repaid		(137)	(173)	(746)
Short-term borrowings raised		-	-	27
Short-term borrowings repaid		(30)	(152)	(132)
Net cash outflow from financing activities		(167)	(125)	(355)
Net (decrease)/increase in cash and cash equivalents		(8)	359	1 864
Cash and cash equivalents at beginning of period		2 910	1 031	1 031
Foreign currency translation on cash balances		12	(12)	15
Cash and cash equivalents at end of period	9	2 914	1 378	2 910
Made up as follows:				
- Available		1 714	195	1 779
- Restricted		1 200	1 183	1 131
		2 914	1 378	2 910
Cash generated from operations per share (cents)		408	494	1 015

Notes to the financial statements
for the six months ended 31 December 2018

1. Statement of compliance

The Group financial statements for the six months ended 31 December 2018 have been prepared in accordance with and contain the information required by IAS 34 - Interim Financial Reporting and comply with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), requirements of the South African Companies Act 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

Basis of preparation

The Group financial statements for the six months ended 31 December 2018 have been prepared on the historical cost basis, except for certain financial instruments, which include listed investments, and unlisted investments that are fair valued. The accounting policies used are consistent with those in the most recent annual financial statements except for those listed below and comply with IFRS.

The Group financial statements for the period have been prepared under the supervision of the Finance Director, Miss AM Mukhuba CA(SA).

The presentation and functional currency is the South African Rand and the Group financials statements are rounded to the nearest R million.

Adoption of new and revised accounting standards

The Group has adopted the following new and/or and revised standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) of the IASB during the period under review.

		Effective date
IAS 28	Investment in associates and joint ventures - clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018
IFRS 1	First-time adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IFRS 2	Share-based payment (Amendment)	1 January 2018
IFRS 4 and IFRS 9	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRIC 22	Foreign currency transactions and Advance Consideration	1 January 2018

Apart from IFRS 9 and IFRS 15 (refer note 1 and 3) the adoption of the other standards had no significant effect on the Group Financial Statements.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 is effective for ARM from 1 July 2018. ARM has opted to apply the modified approach, whereby opening retained income at 1 July 2018 is adjusted and the figures for F2018 were not restated.

The following financial instruments were impacted by the implementation of IFRS 9:

Equity investments (other than investments in subsidiaries, associates and joint ventures)

Listed investments

ARM continues to classify the listed shares in Harmony as fair value through other comprehensive income, whereby fair value gains and losses are recognised in equity (other comprehensive income) and will not be reclassified through profit or loss.

Unlisted investments

Previously, unlisted investments were measured at cost. Under IFRS 9, these investments in equities should be measured at fair value.

Unlisted investments subject to adjustment - Investment in Richards Bay Coal Terminal (RBCT).

This investment is held by ARM Coal which is a jointly-controlled operation of ARM and Glencore Operations South Africa Proprietary Limited (GOSA), and hence ARM's share of the investment is recognised in the ARM company financial statements. Up until 30 June 2018, this investment was carried at cost.

For 1H F2019, the fair value of this investment was determined by calculating the present value of the future wharfage cost savings by being a shareholder in RBCT as opposed to the wharfage payable by non-shareholders. The cumulative fair value adjustment is R76 million, of which R72 million relates to prior periods (adjusted against retained earnings), and R4 million relates to 1H F2019. The current period's fair value adjustment is accounted for through profit or loss.

This is a level 3 valuation in terms of IFRS 7 and 13. The fair value is most sensitive to the wharfage cost.

Trade and other receivables (including loans advanced)

Previously, receivables that contained provisional pricing features linked to commodity prices and exchange rates have been designated to be measured at fair value through profit or loss because of the embedded derivative which would otherwise require separation. Under IFRS 9, such instruments continue to be measured on the same basis. Other receivables, including loans advanced, continue to be measured at amortised cost under IFRS 9. The impairment model for amortised cost financial assets under IFRS 9 requires the recognition of expected losses, rather than only incurred losses. The expected credit loss model had no material impact on ARM's results.

The long-term loans to ARM Coal, Glencore and PCB continue to be accounted for at amortised cost.

Non-current liabilities

An interest free non-current liability owed by ARM Mining Consortium Ltd to Rustenburg Platinum Mines Ltd (Anglo American Platinum Ltd) was impacted by IFRS 9, resulting in a cumulative fair value adjustment of R19 million, of which R23 million relates to prior periods (fair value gain recorded against retained earnings), and R4 million loss recorded in statement of profit or loss.

	1H F2019
Impact of adopting IFRS 9 - Financial Instruments	Rm
Effect in statement of profit or loss is as follows:	
Fair value gain on the RBCT investment	4
Re-measurement loss on the Anglo American Platinum Limited loan	(4)
Net movement through statement of profit or loss	-
Effect in statement of equity is as follows:	
Fair value gain on the RBCT investment	72
Re-measurement gain on the Anglo American Platinum Limited loan	23
Net movement against opening retained earnings	95
Statement of Financial Position - impact	
Other investments - increase - Investment in RBCT	76
Long-term borrowing - Anglo American Platinum Limited 31 December 2018	95
Re-measurement loss on the Anglo American Platinum Limited loan	4
Re-measurement gain on the Anglo American Platinum Limited loan	(23)
Long-term borrowing - increase - Anglo American Platinum Limited (reclassified from short-term)	114
Short-term borrowing - decrease - Anglo American Platinum Limited (reclassified to long-term)	114

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 became applicable to ARM for the financial year commencing 1 July 2018. ARM has selected the full retrospective approach, requiring comparative years to be restated. The impact of IFRS 15 has been assessed based on the operating segments of the group.

IFRS 15 replaces the risks and rewards principle that was applicable under IAS 18.

Revenue under IFRS 15 is recognised under the following five step model:

- Identify the contract with customers;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price; and
- Recognise revenue when performance obligations are satisfied.

The impact of the adoption of IFRS 15 on the segments in ARM:

ARM Corporate

ARM provides management services to operations within the group. ARM invoices and recognises revenue on a monthly basis using the actual results of the component meaning no uncertainty surrounding the transaction price. The adoption of IFRS 15 therefore had no impact on the revenue recognition in ARM Corporate.

ARM Ferrous

The change that had the most significant impact was on sales with cost, insurance and freight (CIF)/cost and freight (CFR) Inco terms. Sales with CIF/CFR Inco terms result in two distinct performance obligations -namely the supply of the commodity and shipping of the commodity.

IFRS 15 had no impact on the equity accounted earnings of Assmang. However the composition of sales has changed as reflected below:

	1H 2019	1H 2018	1H 2018	F2018	F2018
	Rm	Rm	Rm	Rm	Rm
	Currently	Currently	Previously	Currently	Previously
	under	under	under	under	under
On a 50% basis	IFRS 15	IFRS 15	IAS 18	IFRS 15	IAS 18

Revenue from contracts with customers	7 885	6 842	6 816	13 836	13 774
Cost, insurance and freight (CIF) and cost and freight (CFR)	4 583	3 376		6 443	
Free on board (FOB and free carrier (FCA)	3 302	3 466		7 393	
Sales	-	-	6 816		13 774
Fair value adjustments to contract revenue	107	(30)		(84)	
Other sales	7	4	-	22	
Sales per segments	7 999	6 816	6 816	13 774	13 774

ARM Platinum

The following areas are impacted:

Assay estimates

Commodity sales are subject to assay estimates, which means that the transaction price is variable. IFRS 15 constrains the estimate of variable consideration recognised such that amounts are only included in the calculation of revenue where it is highly probable that a significant revenue reversal will not occur when the uncertainty relating to final assay/quality is subsequently resolved, i.e. finalisation of the sale by the customer. The assay differences are typically not significant at approximately 1% of commodity sales revenue and therefore management did not change the approach followed under IAS 18. The adjustments to revenue arising from assay adjustments will continue to be recognised consistently as per the prior accounting treatment, i.e. included in revenue from contracts with customers.

Provisional pricing

Commodity sales are subject to provisional pricing features such as commodity prices and foreign exchange rates which are only finalised sometime after transfer of the commodities.

On initial recognition, revenue is recognised at fair value. The revenue and related trade receivable is then re-measured at every subsequent month-end until the sale has been finalised. The sale is finalised at average commodity prices and exchange rate for the month preceding the month of invoicing.

Previously, the changes in the fair value were recognised as part of revenue. These changes arise from re-measuring the related trade receivable to fair value at every month-end.

The related trade receivables will continue to be measured at fair value under IFRS 9, which was adopted at the same time as IFRS 15. The resultant changes in fair value are not within the scope of IFRS 15, since they are re-measurements of a financial asset. Accordingly, they are not subject to the IFRS 15 variable consideration constraint. IFRS 9 requires the full change in fair value to be recognised.

Since the changes in fair value relate to sales, management believes it is appropriate to continue to present such fair value changes as revenue (albeit not 'revenue from contracts with customers'). The revenue note disclosure disaggregates total revenue such that 'revenue from contracts with customers' is distinguished from these fair value adjustments.

Penalties and treatment charges

Adjustments, in the form of penalties and treatment charges, are made to the pricing to the extent the commodities sold do not meet certain specifications and as part of the terms of the various off-take agreement. As a result, the IFRS 15 constraint on variable consideration applies, which seeks to limit the amount of revenue recognised to guard against significant reversals in subsequent reporting periods.

The following changes are applicable to the various ARM Platinum operations:

Modikwa

Chrome and moisture penalties were previously a deduction to revenue under IAS 18 and this is consistent with the requirements of IFRS 15, there is therefore no impact on Modikwa's revenue.

Two Rivers Platinum

Previously, grade, chrome and moisture penalties as well as smelting, refining and drying fees were classified as cost of sales. In terms of IFRS 15, the grade, chrome and moisture penalties as well as smelting, refining and drying fees are to be off-set against revenue.

Nkomati

Previously, arsenic and MGO penalties as well as transport recoveries were classified as cost of sales. In terms of IFRS 15, the arsenic and MGO penalties as well as transport recoveries will be debited against revenue.

ARM Coal

Management's assessment of domestic and export contracts against the requirements of IFRS 15 indicated that the adoption of IFRS 15 will have no impact.

Group impact of IFRS 15 - Revenue from contracts with customers
The impact on the group was as follows:

	1H F2019 Rm	1H F 2018 Rm	F2018 Rm
Revenue impact			
Penalty and treatment charges - now deducted from revenue			
- Nkomati	(29)	(31)	(62)
Penalty and treatment charges - now deducted from revenue			
- Two Rivers	(143)	(55)	(142)
	(172)	(86)	(204)
Cost of sales impact			
Penalty and treatment charges - no longer included in cost of sales			
- Nkomati	29	31	62
Penalty and treatment charges - no longer included in cost of sales			
- Two Rivers	143	55	142
	172	86	204
Net effect	-	-	-

These changes had no effect on basic earnings, headline earnings or diluted earnings.

Please refer to note 3: Revenue, for the disaggregation of revenue into "revenue from contracts with customers'' and fair value adjustment to revenue.

NEW STANDARDS ISSUED BUT NOT YET EFFFECTIVE

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

Standard	Subject	Effective date
IAS 1	Presentation of financial statement - new definition	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors - new definition	1 January 2020
IAS 12	Income taxes - clarification	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IFRS 3	Business Combinations - Amendment	1 January 2019
IFRS 9	Financial Instruments - Classification and Measurement (Amendment)	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance	1 January 2022
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

The Group does not intend early adopting any of the above amendments, standards or interpretations.
ARM continuously evaluates the impact of these standards and amendments, the most prominent being IFRS 16 Leases. In summary the following are the current expectations in relation to IFRS 16.

IFRS 16 - LEASES

IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019 (i.e. for the financial year beginning 1 July 2019 for ARM).

ARM does not intend to adopt the standard before its effective date.

IFRS 16 requirements will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases and embedded leases in service contracts.

The Group has opted to adopt the modified retrospective transition approach such that the cumulative effect of transition to IFRS 16 will be recognised in retained earnings and the comparative period will not be restated.

ARM continues its assessment in determining the impact of IFRS 16. Management has appointed external advisors who are in the process of reviewing all potential contracts which could contain possible leases under IFRS 16. Once this review is completed, management would be in a position to quantify the potential impact on ARM's financial statements.

Apart from IFRS 16 discussed above, the adoption of the other standards are not expected to have a significant effect on the Group Financial Statements.

2. SEGMENTAL INFORMATION

Primary segmental information

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

		ARM Platinum(1) Rm	ARM Ferrous(2) Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment(3) Rm	Total per IFRS financial state-ments Rm
2.1	Six months ended 31 December 2018 (Unaudited)							
	Sales	3 550	7 999	597	-	12 146	(7 999)	4 147
	Cost of sales	(2 920)	(4 516)	(437)	27	(7 846)	4 500	(3 346)
	Other operating income(4)	44	86	11	398	539	(43)	496
	Other operating expenses(5)	(155)	(786)	(55)	(587)	(1 583)	786	(797)
	Segment result	519	2 783	116	(162)	3 256	(2 756)	500
	Income from investments	19	138	6	105	268	(138)	130
	Finance cost	(28)	(19)	(80)	(37)	(164)	19	(145)
	Income from associate(6)	-	-	75		75	-	75
	(Loss)/income from joint venture	-	(47)	-	-	(47)	2 168	2 121
	Special items before tax	(1 166)	(7)	-	-	(1 173)	7	(1 166)
	Taxation	120	(709)	(49)	(81)	(719)	700	(19)
	(Loss)/profit after tax	(536)	2 139	68	(175)	1 496	-	1 496
	Non-controlling interest	(189)	-	-	(1)	(190)	-	(190)
	Consolidation adjustment(7)	-	(18)	-	18	-	-	-
	Contribution to basic (losses)/ earnings	(725)	2 121	68	(158)	1 306	-	1 306
	Contribution to headline earnings/ (losses)	167	2 127	65	(158)	2 201	-	2 201
	Other information							
	Segment assets including investment in associate and joint venture	8 368	20 744	3 639	6 823	39 574	(4 840)	34 734
	Investment in associate			1 628		1 628		1 628
	Investment in joint venture						15 904	15 904
	Segment liabilities	1 948	1 946	1 391	1 892	7 177	(1 946)	5 231
	Unallocated - Deferred taxation and taxation					4 516	(2 894)	1 622
	Consolidated total liabilities					11 693	(4 840)	6 853
	Cash generated from operations	620	2 831	155	6	3 612	(2 831)	781
	Cash inflow/(outflow) from operating activities	507	2 320	158	(1 549)	1 436	(570)	866

Cash outflow from investing activities	(392)	(890)	(109)	(206)	(1 597)	890	(707)
Cash outflow from financing activities	(30)	-	(42)	(95)	(167)	-	(167)
Capital expenditure	451	946	165	3	1 565	(946)	619
Amortisation and depreciation	303	526	84	2	915	(526)	389
Impairment loss/(reversal)	892	14	(3)	-	903	(14)	889

There were no significant inter - division sales
(1) Refer note 2.4 for more detail on the ARM Platinum segment.
(2) Refer note 2.7 and note 7 for more detail on the ARM Ferrous segment.
(3) Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.
(4) Included in the ARM Coal segment is R4 million fair value gain in terms of IFRS 9 adopted during this period (refer note 1).
(5) Included in Modikwa is R4 million re-measurement loss in terms of IFRS 9 adopted during this period (refer note 1). ARM Platinum (Modikwa) and ARM corporate segments' IFRS 9 adjustments (gain for ARM Platinum and losses for ARM corporate) of R18 million and interest of R20 million resulting from the revaluation of interest-free intercompany loans, which eliminate on consolidation for group, were not included. This is representative of the manner in which ARM's chief decision maker in terms of IFRS 8: Operating segments, reviews and analyses the business. The re-measurement adjustment on the ARM Coal loans was R113 million (ARM Coal segment R54 million and the ARM Corporate segment R59 million).
(6) Impairment included in income from associate is R4 million less tax of R1 million. Re-measurement loss on the ARM Coal loans of R152 million.
(7) Relates to capitalised fees in ARM Ferrous.

		Continuing operations							
		ARM Platinum(1) Rm	ARM Ferrous(2) Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust- ment(3) Rm	Total per IFRS financial state- ments Rm	Discon- tinued operations ARM Copper Rm
2.2	Six months ended 31 December 2017 Restated(1) (Unaudited)								
	Sales(1)	3 603	6 816	571	-	10 990	(6 816)	4 174	340
	Cost of sales(1)	(2 940)	(4 029)	(433)	69	(7 333)	3 964	(3 369)	(282)
	Other operating income	26	29	23	379	457	(4)	453	4
	Other operating expenses	(120)	(641)	(3)	(497)	(1 261)	641	(620)	(70)
	Segment result	569	2 175	158	(49)	2 853	(2 215)	638	(8)
	Income from investments	15	151	-	88	254	(151)	103	-
	Finance cost	(25)	(19)	(115)	(34)	(193)	19	(174)	(12)
	Finance cost ZCCM: Shareholders loan Vale/ ARM joint venture	-	-	-	-	-	-	-	(20)
	Income from associate(4)	-	-	111	-	111	-	111	-
	Income from joint venture	-	111	-	-	111	1 654	1 765	-
	Special items before tax	1	-	-	-	1	-	1	(117)
	Taxation	(163)	(682)	(8)	(174)	(1 027)	693	(334)	(62)
	Profit/(loss) after tax	397	1 736	146	(169)	2 110		2 110	(219)
	Non-controlling interest	(170)	-	-	(2)	(172)	-	(172)	34
	Consolidation adjustment(5)	-	29	-	(29)	-	-	-	-
	Contribution to basic earnings/(losses)	227	1 765	146	(200)	1 938	-	1 938	(185)
	Contribution to headline earnings/(losses)	226	1 765	160	(200)	1 951	-	1 951	(6)
	Other information								
	Segment assets including investment in associate and joint venture	9 371	20 063	3 588	3 940	36 962	(4 437)	32 525	
	Investment in associate			1 445		1 445		1 445	
	Investment in joint venture						15 626	15 626	
	Segment liabilities	1 894	1 595	1 825	2 223	7 537	(1 595)	5 942	
	Unallocated liabilities - Deferred taxation and taxation					4 550	(2 893)	1 657	

	ARM Platinum Rm	ARM Ferrous(2) Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment(3) Rm	Total per IFRS financial state-ments Rm	Discon-tinued operations ARM Copper Rm
Consolidated total liabilities					12 087	(4 488)	7 599	
Cash generated/(utilised) from operations	784	1 918	210	19	2 931	(1 918)	1 013	(73)
Cash inflow/(outflow) from operating activities	637	1 505	211	(1 448)	905	(505)	400	(76)
Cash (outflow)/inflow from investing activities	(431)	(471)	(127)	577	(452)	471	19	141
Cash (outflow)/inflow from financing activities	(78)	-	(86)	46	(118)	-	(118)	(7)
Capital expenditure	435	558	108	-	1 101	(558)	543	46
Amortisation and depreciation	274	467	85	2	828	(467)	361	
EBITDA	843	2 642	243	(47)	3 681	(2 682)	999	(8)

There were no significant inter - division sales

(1) Refer note 2.5 for more detail on the ARM Platinum segment.
Restated in terms of IFRS 15 - Revenue from contracts with customers (refer note 1 and 3).

(2) Refer note 2.8 and note 7 for more detail on the ARM Ferrous segment.

(3) Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.

(4) Impairment included in income from associate is R19 million less tax of R5 million.

(5) Relates to capitalised fees after tax and reversal of provision in ARM Ferrous.

Continuing operations

	ARM Platinum Rm	ARM Ferrous(2) Rm	ARM Coal Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment(3) Rm	Total per IFRS financial state-ments Rm	Discon-tinued operations ARM Copper Rm
2.3 Year ended 30 June 2018 - Restated(1) (Unaudited)								
Sales(1)	7 114	13 774	1 028	-	21 916	(13 774)	8 142	340
Cost of sales(1)	(5 846)	(8 103)	(857)	37	(14 769)	8 073	(6 696)	(282)
Other operating income(4)	60	217	896	504	1 677	(150)	1 527	4
Other operating expenses	(284)	(1 249)	(7)	(972)	(2 512)	1 249	(1 263)	(70)
Segment result	1 044	4 639	1 060	(431)	6 312	(4 602)	1 710	(8)
Income from investments(5)	34	299	10	133	476	(299)	177	-
Finance cost	(80)	(34)	(172)	(108)	(394)	34	(360)	(12)
Finance cost ZCCM:								
Shareholders loan Vale/							-	
ARM joint venture	-	-	-	-	-	-	-	(20)
Profit from associate(6)	-	-	619	-	619	-	619	-
Profit form joint venture(7)	-	118	-	-	118	3 392	3 510	-
Special items before tax	(39)	(25)	(3)	-	(67)	25	(42)	(117)
Taxation	(287)	(1 460)	(45)	(231)	(2 023)	1 450	(573)	(62)
Profit/(loss) after tax	672	3 537	1 469	(637)	5 041	-	5 041	(219)
Non-controlling interest	(291)	-	-	(3)	(294)	-	(294)	34
Consolidation adjustment(8)	-	(27)	-	27	-	-	-	-
Contribution to basic earnings/(losses)	381	3 510	1 469	(613)	4 747	-	4 747	(185)
Contribution to headline earnings/(losses)	420	3 528	1 485	(613)	4 820	-	4 820	(6)
Other information								
Segment assets including investment in associate	9 009	20 223	4 689	5 103	39 024	(4 719)	34 305	
Investment in associate			1 798		1 798		1 798	
Investment in joint venture						15 504	15 504	
Segment liabilities	1 880	1 883	1 453	1 878	7 094	(1 883)	5 211	
Unallocated liabilities - Deferred taxation and taxation					4 552	(2 836)	1 716	
Consolidated total liabilities					11 646	(4 719)	6 927	
Cash inflow/(outflow) generated from operations	1 593	4 880	305	109	6 887	(4 880)	2 007	(73)
Cash inflow/(outflow) from								

operating activities	1 120	3 789	309	(1 753)	3 465	(789)	2 676	(76)
Cash (outflow)/inflow from investing activities	(907)	(1 447)	(188)	573	(1 969)	1 447	(522)	141
Cash outflow from financing activities	(38)	-	(115)	(195)	(348)	-	(348)	(7)
Capital expenditure	802	1 474	140	2	2 418	(1 474)	944	46
Amortisation and depreciation	572	971	167	2	1 712	(971)	741	
Impairment before tax	39	26	19	-	84	(26)	58	
EBITDA	1 616	5 610	1 227	(429)	8 024	(5 573)	2 451	(8)

There were no significant inter - division sales

(1) Refer note 2.6 for more detail on the ARM Platinum segment.
    Restated in terms of IFRS 15 - Revenue from contracts with customers (refer note 1 and 3).
(2) Refer note 2.9 and note 7 for more detail on the ARM Ferrous segment.
(3) Includes IFRS 11 - Joint Arrangements - adjustments related to ARM Ferrous.
(4) The restructuring of the ARM Coal loans had an impact of R652 million profit with no tax effect.
(5) Intercompany interest of R127 million receivable by ARM Corporate and accrued by ARM Copper is presented in terms of IFRS 5.
(6) The restructuring of the ARM Coal loans had an impact of R325 million profit with no tax effect. Impairment loss included in income from associate are R19 million less tax of R5 million.
(7) Impairment loss included in income from joint venture R26 million before tax of R7 million.
(8) Relates to capitalised fees in ARM Ferrous.

Additional information

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

		Two Rivers(1) Rm	Modikwa Rm	Nkomati(1) Rm	ARM Platinum Rm
2.4	Six months ended 31 December 2018 (Unaudited)				
	Sales(1)	1 912	1 089	549	3 550
	Cost of sales(1)	(1 367)	(788)	(765)	(2 920)
	Other operating income(2)	11	22	11	44
	Other operating expenses(2)	(74)	(31)	(50)	(155)
	Segment result	482	292	(255)	519
	Income from investments	5	11	3	19
	Finance cost	(16)	(6)	(6)	(28)
	Special items before tax	-	-	(1 166)	(1 166)
	Taxation	(137)	(89)	346	120
	Profit/(loss) after tax	334	208	(1 078)	(536)
	Non-controlling interest	(154)	(35)	-	(189)
	Contribution to earnings	180	173	(1 078)	(725)
	Contribution to headline earnings	180	173	(186)	167
	Other information				
	Segment and consolidated assets	5 035	2 597	736	8 368
	Segment liabilities	1 134	331	483	1 948
	Cash inflow/(outflow) from operating activities	323	273	(89)	507
	Cash outflow from investing activities	(188)	(76)	(128)	(392)
	Cash outflow from financing activities	(27)	-	(3)	(30)
	Capital expenditure	247	76	128	451
	Amortisation and depreciation	157	51	95	303
	Impairment	-	-	892	892
	EBITDA	639	343	(160)	822
2.5	Six months ended 31 December 2017 (Unaudited) Restated(1)				
	Sales	1 895	877	831	3 603
	Cost of sales	(1 363)	(822)	(755)	(2 940)
	Other operating expenses	11	12	3	26
	Other operating expenses	(58)	(12)	(50)	(120)
	Segment result	485	55	29	569
	Income from investments	6	6	3	15
	Finance cost	(14)	(2)	(9)	(25)
	Special items before tax	-	-	1	1
	Taxation	(141)	(16)	(6)	(163)
	Profit after tax	336	43	18	397

Non-controlling interest	(163)	(7)	-	(170)
Contribution to basic earnings	173	36	18	227
Contribution to headline earnings	173	36	17	226
Other information				
Segment and consolidated assets	5 143	2 367	1 861	9 371
Segment liabilities	1 153	431	310	1 894
Cash inflow from operating activities	347	177	113	637
Cash outflow from investing activities	(223)	(110)	(98)	(431)
Cash outflow from financing activities	(17)	-	(61)	(78)
Capital expenditure	226	109	100	435
Amortisation and depreciation	151	45	78	274
EBITDA	636	100	107	843

(1) Restated in terms of IFRS 15 - Revenue from contracts with customers (refer note 1 and 3).

(2) Included in the Modikwa segment is a R4 million re-measurement loss in terms of IFRS 9 adopted during this period (refer note 1).
ARM Platinum (Modikwa) and ARM corporate segments' IFRS 9 adjustments (gain for ARM Platinum and losses for ARM corporate) of R18 million and interest of R20 million resulting from the revaluation of interest-free intercompany loans, which eliminate on consolidation for group, were not included. This is representative of the manner in which ARM's chief decision maker in terms of IFRS 8: Operating segments, reviews and analyses the business.

		Two Rivers(1)	Modikwa(2)	Nkomati(1)	ARM Platinum
	Platinum	Rm	Rm	Rm	Rm
2.6	For the year ended 30 June 2018 Restated(1) (Unaudited)				
	Sales(1)	3 741	1 796	1 577	7 114
	Cost of sales(1)	(2 737)	(1 631)	(1 478)	(5 846)
	Other operating income	22	31	7	60
	Other operating expenses	(152)	(44)	(88)	(284)
	Segment result	874	152	18	1 044
	Income from investments	11	16	7	34
	Finance cost	(63)	(3)	(14)	(80)
	Special items before tax	-	(40)	1	(39)
	Taxation	(239)	(46)	(2)	(287)
	Profit after tax	583	79	10	672
	Non-controlling interest	(277)	(14)	-	(291)
	Contribution to basic earnings	306	65	10	381
	Contribution to headline earnings	306	105	9	420
	Other information				
	Segment and consolidated assets	4 774	2 321	1 914	9 009
	Segment liabilities	1 158	348	374	1 880
	Cash inflow generated from operations	1 175	149	269	1 593
	Cash inflow from operating activities	688	161	271	1 120
	Cash outflow from investing activities	(560)	(136)	(211)	(907)
	Cash inflow/(outflow) from financing activities	27	-	(65)	(38)
	Capital expenditure	455	133	214	802
	Amortisation and depreciation	318	92	162	572
	Impairment loss/(reversal) before tax	-	40	(1)	39
	EBITDA	1 192	244	180	1 616

(1) Restated in terms of IFRS 15 - Revenue from contracts with customers (refer note 1).

(2) On 16 July 2018, Anglo American Platinum and ARM agreed to temporarily amend the terms of the Sale of Concentrate agreement to improve the cash flow generation of the mine while a turnaround and operational improvement plan is implemented. These terms are effective for concentrate deliveries for a three- year period which commenced 1 January 2017. As a result, the financial results for the year ended 30 June 2018 include an adjustment for 18 months, 1 January 2017 to 30 June 2018. There were no significant inter-company sales.

Analysis of the ARM Ferrous segment

	Iron ore division	Manga- nese division	Chrome division(1)	ARM Ferrous Total	ARM share	IFRS Adjust- ment(2)	Total per IFRS financial state- ments

	Rm	Rm at 100% basis	Rm	Rm	Rm	Rm	Rm
2.7 Six months ended 31 December 2018 (Unaudited)							
Sales	8 828	7 170	-	15 998	7 999	(7 999)	-
Other operating income	356	251	-	607	86	(86)	-
Other operating expenses	(1 089)	(927)	11	(2 005)	(786)	786	-
Operating profit/(loss)	3 064	2 513	(10)	5 567	2 783	(2 783)	-
Contribution to basic earnings and total comprehensive income	2 432	1 854	(7)	4 279	2 139	(18)	2 121
Contribution to headline earnings	2 459	1 837	(7)	4 289	2 145	(18)	2 127
Other information							
Segment assets	22 529	19 713	519	42 761	20 744	(4 840)	15 904
Segment liabilities	6 453	3 158	428	10 039	1 946	(1 946)	-
Cash (outflow)/inflow from operating activities(3)	(1 630)	2 769	-	1 139	2 320	(2 320)	-
Cash outflow from investing activities	(994)	(786)	-	(1 780)	(890)	890	-
Cash (outflow)/inflow from financing activities	(4)	4	-	-	-	-	-
Capital expenditure	1 028	950	-	1 978	946	(946)	-
Amortisation and depreciation	743	341	-	1 084	526	(526)	-
EBITDA	3 807	2 854	(10)	6 651	3 309	(3 309)	-
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				23 555		(23 555)	-
Investment in joint venture				2 779		(2 779)	-
Other non-current assets				748		(748)	-
Current assets							
Inventories				4 788		(4 788)	-
Trade and other receivables				6 288		(6 288)	-
Financial asset				230		(230)	-
Cash and cash equivalents				4 372		(4 372)	-
Non-current liabilities							
Other non-current liabilities				7 149		(7 149)	-
Current liabilities							
Trade and other payables				1 750		(1 750)	-
Short-term provisions				1 130		(1 130)	-
Taxation				9		(9)	-

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

(1) Refer to events after reporting date note 20.

(2) Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.

(3) Iron ore division includes dividend paid amounting to R3.5 billion included in cash flows from operating activities.

	Iron ore division Rm	Manga-nese division Rm	Chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust-ment(1) Rm	Total per IFRS financial state-ments Rm
		at 100% basis					
2.8 Six months ended 31 December 2017 (Unaudited)							
Sales	7 592	5 958	83	13 633	6 816	(6 816)	-
Other operating income	253	141	-	394	29	(29)	-
Other operating expenses	(888)	(686)	(44)	(1 618)	(641)	641	-
Operating profit/(loss)	2 223	2 153	(26)	4 350	2 175	(2 175)	-
Contribution to basic earnings and total comprehensive income	1 746	1 743	(18)	3 471	1 736	29	1 765
Contribution to headline earnings	1 746	1 743	(18)	3 471	1 736	29	1 765
Other information							
Segment assets	25 507	15 259	527	41 293	20 063	(4 437)	15 626
Segment liabilities	6 122	2 740	412	9 274	1 595	(1 595)	-
Cash (outflow)/inflow from operating activities(2)	(270)	1 279	-	1 009	1 505	(1 505)	-
Cash outflow from investing activities	(423)	(518)	-	(941)	(471)	471	-

Cash (outflow)/inflow from financing activities	(7)	7	-	-	-	-	-
Capital expenditure	609	557	-	1 166	558	(558)	-
Amortisation and depreciation	686	277	-	963	467	(467)	-
EBITDA	2 909	2 430	(26)	5 313	2 642	(2 642)	-
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				21 904		(21 904)	-
Investment in joint venture				2 733		(2 733)	-
Other non-current assets				800		(800)	-
Current assets							-
Inventories				3 978		(3 978)	-
Trade and other receivables				5 252		(5 252)	-
Financial asset				229		(229)	-
Cash and cash equivalents				6 397		(6 397)	-
Non-current liabilities							-
Other non-current liabilities				6 616		(6 616)	-
Current liabilities							-
Trade and other payables				1 550		(1 550)	-
Short-term provisions				576		(576)	-
Taxation				532		(532)	-

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

(1) Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.

(2) Iron ore division includes dividend paid amounting to R2 billion included in cash flows from operating activities.

		Iron ore division Rm	Manganese division Rm at 100	Continued operation Chrome division Rm 0% basis	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjustment(1) Rm	Total per IFRS financial statements Rm
2.9	For the year ended 30 June 2018 (Audited)							
	Sales	14 534	12 833	180	27 547	13 774	(13 774)	-
	Other operating income	692	664	-	1 356	217	(217)	-
	Other operating expenses	(1 853)	(1 645)	78	(3 420)	(1 249)	1 249	-
	Operating profit/(losses)	4 230	5 105	(58)	9 277	4 639	(4 639)	-
	Contribution to basic earnings and total comprehensive income	3 343	3 772	(42)	7 073	3 537	(27)	3 510
	Contribution to headline earnings/(losses)	3 343	3 808	(42)	7 109	3 555	(27)	3 528
	Other information							
	Consolidated total assets	23 149	17 992	524	41 665	20 223	(4 719)	15 504
	Consolidated total liabilities	6 165	3 190	426	9 781	1 883	(1 883)	-
	Cash inflow from operating activities(2)	1 522	3 001	55	4 578	3 789	(3 789)	-
	Cash outflow from investing activities	(1 725)	(1 153)	(15)	(2 893)	(1 447)	1 447	-
	Capital expenditure	1 780	1 285	16	3 081	1 474	(1 474)	-
	Amortisation and depreciation	1 401	594	8	2 003	971	(971)	-
	EBITDA	5 631	5 699	(50)	11 280	5 610	(5 610)	-
	Additional information for ARM Ferrous at 100%							
	Non-current assets							
	Property, plant and equipment				22 712		(22 712)	-
	Investment in joint venture				3 011		(3 011)	-
	Other non-current assets				786		(786)	-
	Current assets							-
	Inventories				4 392		(4 392)	-
	Trade and other receivables				5 522		(5 522)	-
	Financial asset				228		(228)	-
	Cash and cash equivalents				5 014		(5 014)	-
	Non-current liabilities							-
	Other non-current liabilities				6 796		(6 796)	-
	Current liabilities							-

Trade and other payables	1 819	(1 819)	-
Short-term provisions	961	(961)	-
Taxation	206	(206)	-

Refer note 2.3 and note 7 for more detail on the ARM Ferrous segment
(1) Includes consolidation and IFRS 11 - Joint Arrangements - adjustments.
(2) Iron ore division included dividend paid amounting to R3 billion included in cash flows from operating activities.

ARM Corporate as presented in the table on page 83 to 85 is analysed further into the ARM Corporate and other and Gold segments.

		1H F2019			1H F2018			June 2018	
	Corporate and other(1)	Gold	Total ARM Corporate	Corporate and other(1)	Gold	Total ARM Corporate	Corporate and other(1)	Gold	Total ARM Corporate
2.10 Primary segmental information (Unaudited)	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Cost of sales	27	-	27	69	-	69	37	-	37
Other operating income	398	-	398	379	-	379	504	-	504
Other operating expenses(2)	(587)	-	(587)	(497)	-	(497)	(972)	-	(972)
Segment result	(162)	-	(162)	(49)	-	(49)	(431)	-	(431)
Income from investments	105	-	105	66	22	88	111	22	133
Finance cost	(37)	-	(37)	(34)	-	(34)	(108)	-	(108)
Taxation	(81)	-	(81)	(174)	-	(174)	(231)	-	(231)
Loss/(profit) after tax	(175)	-	(175)	(191)	22	(169)	(659)	22	(637)
Non-controlling interest	(1)	-	(1)	(2)	-	(2)	(3)	-	(3)
Consolidation adjustment(3)	18	-	18	(29)	-	(29)	27	-	27
Contribution to basic losses	(158)	-	(158)	(222)	22	(200)	(635)	22	(613)
Contribution to headline losses	(158)	-	(158)	(222)	22	(200)	(635)	22	(613)
Other information									
Segment assets	4 941	1 882	6 823	2 496	1 444	3 940	3 752	1 351	5 103
Segment liabilities	1 862	-	1 862	2 223	-	2 223	1 878	-	1 878
Cash generated from operations	6	-	6	19	-	19	109	-	109
Cash (outflow)/inflow from operating activities	(1 550)	-	(1 550)	(1 470)	22	(1 448)	(1 753)	22	(1 731)
Cash (outflow)/inflow from investing activities	(206)	-	(206)	577	-	577	573	-	573
Cash (outflow)/inflow from financing activities	(95)	-	(95)	46	-	46	(195)	-	(195)
Capital expenditure	3	-	3	-	-	-	2	-	2
Amortisation and depreciation	2	-	2	2	-	2	2	-	2
EBITDA	(160)	-	(160)	(47)	-	(47)	(429)	-	(429)

(1) Corporate, other companies and consolidation adjustments.
(2) Included is R59 million loss on loan re-measurement adjustment on the ARM Coal intercompany loan (gain in ARM Coal).
(3) Relates to capitalised fees in ARM Ferrous which are reversed at ARM Corporate for consolidation purposes.

	Unaudited Six months ended 31 December			Year ended 30 June	
	2018	2017	2017	2018	2018
	Rm	Rm	Rm	Rm	Rm
	Currently under IFRS 15	Currently under IFRS 15	Previously under(1) IAS 18	Currently under IFRS 15	Previously under(1) IAS 18
3. REVENUE AND COST OF SALES					
Revenue	4 524	4 794	5 020	9 112	9 603

Revenue - continuing operations	4 524	4 454	4 680	8 772	9 263
Revenue - discontinued operations	-	340	340	340	340
Total Revenue(2)	4 524	4 794	5 020	9 112	9 603
Fair value adjustments to revenue(2)	267	288	-	62	-
Revenue from contracts with customers(2)	4 257	4 506	5 020	9 050	9 603
Sales of commodities continuing operations	4 052	3 972	4 260	8 284	8 346
Sales of commodities discontinued operations	-	340	340	340	340
Penalty and treatment charges(2)	(172)	(86)	-	(204)	-
Dividends received	-	-	22	-	22
Fees received	377	280	280	630	630
Interest received	-	-	81	-	155
Insurance income received	-	-	22	-	72
Property rental received	-	-	5	-	16
Royalty received	-	-	10	-	22
SALES					
Sales previously - IAS 18	4 319	4 260	4 260	8 346	8 346
Penalty and treatment charges(2)	(172)	(86)	-	(204)	-
Sales per statement of profit or loss (IFRS 15)	4 147	4 174	4 260	8 142	8 346
COST OF SALES					
Cost of sales previously - IAS 18	(3 518)	(3 455)	(3 455)	(6 900)	(6 900)
Penalty and treatment charges(2)	172	86		204	-
Cost of sales per statement of profit or loss - IFRS 15	(3 346)	(3 369)	(3 455)	(6 696)	(6 900)

(1) The prior periods were restated in terms of IFRS 15 where penalty and treatment charges are now deducted from revenue and not included in cost of sales and dividend, interest, rental, insurance and royalties received does not form part of revenue anymore.
(2) Refer note 1 for details of the impact of adopting and implementing IFRS 15.

4. PROPERTY, PLANT AND EQUIPMENT

Nkomati Nickel Mine

Notwithstanding the increase in the nickel price over the reporting period as at 31 December 2018, an impairment loss of the Nkomati Nickel Mine was recognised, largely as a result of:

i) A decline in head grade, resulting in decreased metal output.
ii) Inability to generate sufficient cash for operational requirements; and
iii) An increase in production costs.

ARM's attributable share of the impairment charge amounted to R1 166 million before tax and R892 million after tax.

The difference between the pre and post tax charge does not correspond with the South African Corporate tax rate of 28%, as the tax charge on the impairment was limited to the corresponding deferred tax liability available for off-set on the statement of financial position. Management did not recognise a deferred tax asset as the recoverability of such an asset is uncertain in the foreseeable future.

The recoverable amount of the cash generating unit was determined based on the value-in-use calculation performed in terms of International Financial Reporting Standards.

A pre-tax discount rate of 20.2% was used for the impairment calculation together with the following metal prices and exchange rate assumptions.

	F2019 Nominal	F2020 Nominal	F2021 Nominal	F2022 Nominal	Long-term Real
Platinum - US$/ounce	855	1 090	1 138	1 172	1 173
Palladium - US$/ounce	1 027	1 050	1 050	1 032	965
Gold - US$/ounce	1 273	1 315	1 323	1 355	1 183
Nickel - US$/tonne	12 998	13 498	13 999	15 539	15 364
Copper - US$/tonne	6 221	6 925	7 040	7 241	6 516
Cobalt - US$/lb	35	33	30	25	19
Chrome concentrate - US$/tonne	62	75	75	77	72
Exchange rate - R/US$	14.40	14.08	13.61	13.92	13.27

	Unaudited Six months ended 31 December 2018 Rm	2017 Rm	Audited Year ended 30 June 2018 Rm
5. LOANS AND LONG - TERM RECEIVABLES			
ARM Platinum (Modikwa)	-	17	17
ARM Coal	60	21	58
Glencore South Africa	346	-	387
Total	406	38	462

The ARM Coal loans were restructured in June 2018.

	Unaudited Six months ended 31 December 2018 Rm	2017 Rm	Audited Year ended 30 June 2018 Rm
6. INVESTMENT IN ASSOCIATE			
Opening balance	1 798	1 334	1 334
Income from associate per statement of profit or loss	75	111	619
Profit for the period	227	111	294
Re-measurement on loans	(152)	-	325
Movement in loans	(245)	-	(155)
Closing balance	1 628	1 445	1 798
7. INVESTMENT IN JOINT VENTURE			
This investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore, manganese and chrome operations.			
Opening balance	15 504	14 860	14 860
Net income for the period	2 121	1 765	3 510
Income for the period	2 139	1 736	3 537
Consolidation adjustments	(18)	29	(27)
Foreign currency translation reserve	29	1	134
Less dividends received for the period	(1 750)	(1 000)	(3 000)
Closing balance	15 904	15 626	15 504
Refer to notes 2.1, 2.2, 2.3, 2.7, 2.8 and 2.9 for further detail relating to the ARM Ferrous segment.			
8 OTHER INVESTMENTS			
Harmony	1 882	1 444	1 351
Opening balance	1 351	1 380	1 380
Fair value in other comprehensive income	320	64	(29)
Additional shares acquired refer statement of cash flow	211	-	-
Guardrisk	30	34	33
Preference shares	1	1	1
RBCT (refer note 1)	252	169	176
Closing balance	2 165	1 648	1 561

	Unaudited Six months ended 31 December 2018 Rm	2017 Rm	Audited Year ended 30 June 2018 Rm
9. CASH AND CASH EQUIVALENTS			
Total unrestricted	2 097	736	2 160
- African Rainbow Minerals Limited	1 447	225	1 634
- ARM BBEE Trust	1	1	1
- ARM Coal	7	-	-
- ARM Finance Company SA	238	203	228
- ARM Platinum Proprietary Limited	307	173	123
- ARM Treasury Investments Proprietary Limited	39	37	39

- Nkomati	16	27	88
- Two Rivers Platinum Proprietary Limited	11	35	14
- Teal Minerals Barbados Incorporated	19	22	22
- Teal Exploration and Mining Barbados Incorporated	8	8	8
- Teal Exploration and Mining Incorporated	1	1	1
- Venture Building Trust Proprietary Limited	3	4	2
Total restricted	1 200	1 183	1 131
- Mannequin Cell Captive (restricted)	866	797	819
- Other restricted cash(1)	334	386	312
Total as per statement of financial position	3 297	1 919	3 291
Less - Overdrafts (refer note 10)	(383)	(541)	(381)
Total as per statement of cash flows	2 914	1 378	2 910

(1) This relates largely to rehabilitation trust funds at respective operations.

10. BORROWINGS

Long-term borrowings are held as follows:			
- African Rainbow Minerals Limited	-	200	-
- Anglo Platinum Limited (partner loan)1	95		
- ARM BBEE Trust	398	473	470
- ARM Coal Proprietary Limited (partner loan)	1 117	1 578	1 231
- Nkomati	2	9	6
- Two Rivers Platinum Proprietary Limited	67	51	37
	1 679	2 311	1 744
Short-term borrowings are held as follows:			
- Anglo Platinum Limited (partner loan)(1)	-	114	114
- Nkomati	7	7	7
- Two Rivers Platinum Proprietary Limited	63	48	50
	70	169	171
Overdrafts are held as follows:			
- African Rainbow Minerals Limited	-	190	-
- Nkomati	42	-	21
- Two Rivers Platinum Proprietary Limited	322	327	336
- Other	19	24	24
	383	541	381
Overdrafts and short-term borrowings	453	710	552
Total borrowings	2 132	3 021	2 296

(1) This loan was reclassified from short-term after fair value adjustment as reflected in note 1.

11. SPECIAL ITEMS

	Unaudited Six months ended 31 December 2018 Rm	Unaudited Six months ended 31 December 2017 Rm	Audited Year ended 30 June 2018 Rm
Impairment on property, plant and equipment - Nkomati	(1 166)	-	-
Impairment reversal on property, plant and equipment - Nkomati	-	1	1
Impairment loss on property, plant and equipment - Kalplats	-	-	(40)
Loss on sale of property, plant and equipment - ARM Coal	-	-	(3)
Special items per statement of profit or loss before taxation effect	(1 166)	1	(42)
Impairment loss on property, plant and equipment accounted for directly in joint venture - Assmang	(20)	-	(26)
Impairment reversal/(loss) on property, plant and equipment accounted for directly in associate - PCB	4	(19)	(19)
Pre-tax loss on sale of Lubambe	-	(117)	(117)
Profit on sale of property, plant and equipment accounted for directly in joint venture - Assmang	12	-	1
Special items before taxation effect	(1 170)	(135)	(203)
Taxation accounted for in associate - impairment loss in PCB	(1)	5	5
Taxation accounted for in joint venture - impairment loss in Assmang	6		7
Taxation accounted for in joint venture - profit on sale of			

property, plant and equipment in Assmang	(4)	-	-
Taxation - impairment loss of Nkomati assets (refer note 4)	274		
Taxation loss on sale of property ARM Coal	-	-	1
Taxation - sale of Lubambe	-	(62)	(62)
Total amount adjusted for headline earnings	(895)	(192)	(252)

12. EARNINGS PER SHARE

	Unaudited Six months ended 31 December 2018 Rm	Unaudited Six months ended 31 December 2017 Rm	Audited Year ended 30 June 2018 Rm
Headline earnings (R million)	2 201	1 945	4 814
Headline earnings from continuing operations (R million)	2 201	1 951	4 820
Headline loss from discontinued operation (R million)	-	(6)	(6)
Headline earnings per share (cents)	1 149	1 023	2 526
Headline earnings per share from continuing operations (cents)	1 149	1 026	2 529
Headline loss per share from discontinued operation (cents)	-	(3)	(3)
Basic earnings per share (cents)	682	922	2 393
Basic earnings from continuing operations per share (cents)	682	1 019	2 490
Basic loss from discontinued operation per share (cents)	-	(97)	(97)
Diluted headline earnings per share (cents)	1 123	994	2 453
Diluted headline earnings per share from continuing operations (cents)	1 123	997	2 456
Diluted headline loss per share from discontinued operation (cents)	-	(3)	(3)
Diluted basic earnings per share (cents)	667	895	2 325
Diluted basic earnings from continuing operations per share (cents)	667	990	2 419
Diluted basic loss from discontinued operation per share (cents)	-	(95)	(94)
Number of shares in issue at end of the period (thousands)	221 934	219 692	219 709
Weighted average number of shares (thousands)	191 575	190 163	190 622
Weighted average number of shares used in calculating diluted earnings per share (thousands)	195 919	195 740	196 217
Net asset value per share (cents)	11 834	10 644	11 792
EBITDA (R million)	889	991	2 443
EBITDA from continuing operations (R million)	889	999	2 451
Interim dividend declared (cents per share)	400	250	250
Dividend declared after period end (cents per share)	-	-	750
Reconciliation to headline earnings			
Basic earnings attributable to equity holders of ARM	1 306	1 753	4 562
Impairment loss on property, plant and equipment - Kalplats	-	-	40
Impairment loss on property, plant and equipment - Nkomati	1 166	-	-
Impairment reversal on property, plant and equipment - Nkomati	-	(1)	(1)
Impairment loss of property, plant and equipment in joint venture - Assmang	20	-	26
Impairment (reversal)/loss of property, plant and equipment in associate - PCB	(4)	19	19
Pre -tax loss on sale of Lubambe	-	117	117
Loss on disposal of investment	-	-	3
Profit on sale of property, plant and equipment in joint venture - Assmang	(12)	-	(1)
	2 476	1 888	4 765
Taxation accounted for directly in associate and joint venture	(1)	(5)	(12)
Taxation - impairment loss of Nkomati assets	(274)	-	-
Taxation loss on sale of property ARM Coal	-	-	(1)
Taxation - sale of Lubambe	-	62	62
Headline earnings	2 201	1 945	4 814

	Unaudited Six months ended 31 December	Audited Year ended 30 June

		2018 Rm	2017 Rm	2018 Rm
13.	TAXATION			
	South African normal tax - current year	87	79	193
	South African normal tax - mining	18	89	141
	South African normal tax - non-mining	69	(10)	154
	South African normal tax - prior year	-	-	(102)
	Deferred tax - current year	(68)	255	380
	Total taxation from continuing operations	19	334	573
	Tax from discontinued operation	-	62	62
		19	396	635
14.	CASH GENERATED FROM OPERATIONS			
	Cash generated from operations before working capital movement	1 351	1 411	2 451
	Working capital changes outflow	(570)	(471)	(517)
	Movement in inventories (outflow)/inflow	(216)	(36)	48
	Movement in payables and provisions outflow	(83)	(192)	(266)
	Movement in receivables (outflow)	(271)	(243)	(299)
	Cash generated from operations (per statement of cash flows)	781	940	1 934

15. RELATED PARTIES

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.

	2018 Rm	2017 Rm	2018 Rm
Amounts accounted in the statement of profit or loss relating to transactions with related parties			
Anglo American Platinum	1 089	877	1 796
Impala Platinum	1 912	1 895	3 883
Joint venture			
Assmang Proprietary Limited			
- Provision of services	336	277	627
- Dividends received	1 750	1 000	3 000
Subsidiary			
Impala Platinum - dividend paid	44	61	253
Amounts outstanding at year-end (owing to)/receivable by ARM on current account			
Joint venture			
Assmang - debtor	42	26	101
Joint operations			
Anglo American Platinum - debtor	732	545	610
Norilsk Nickel - creditor	(7)	-	(2)
Norilsk Nickel - debtor	51	95	134
Anglo American Platinum - long - term borrowing (reclassified from long-term)	95	-	-
Anglo American Platinum - short - term borrowing (reclassified to long-term)	-	(114)	(114)
Glencore Operations SA - long-term borrowing	(1 117)	(1 578)	(1 231)
Subsidiary			
Impala Platinum - debtor	1 221	1 083	1 146

	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2018 Rm	2017 Rm	2018 Rm
16. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS			

The sale of Lubambe Copper Mine in Zambia was completed on 22 December 2017. The sale resulted in a loss on sale before tax of R179 million. Details of this sale are included in the financial results for the year ended 30 June 2018 and the interim results for the six-months results ended 31 December 2017 which can be found on www.arm.co.za.

17. PROVISIONS

Silicosis and tuberculosis class action provision
The provision has not materially changed since 30 June 2018.
Details of this is included in the financial results for the year ended 30 June 2018 and the interim results for the six-months results ended 31 December 2017 which can be found on www.arm.co.za.

18. COMMITMENTS

Commitments in respect of future capital expenditure which will be funded from operating cash flows and by utilising debt facilities at entity and corporate levels, are summarised below:			
Approved by directors			
- contracted for	237	92	108
- not contracted for	16	21	16
Total commitments	253	113	124

19. CONTINGENT LIABILITIES

The Assmang guarantee previously reported relating to the Sarawak Energy Board is now $109million. This guarantee includes an amount of $87million which is based in Malaysian Ringgit.
AEL Mining Limited has instituted arbitration proceedings against Assmang, claiming an amount up to R381 million. Assmang is defending this matter.
There have been no other significant changes in the contingent liabilities of the Group as disclosed since 30 June 2018 integrated annual report.
For a detailed disclosure on contingent liabilities, refer to ARM's integrated annual report for the year ended 30 June 2018 available on the group's website (www.arm.co.za).

20. EVENTS AFTER REPORTING DATE

Since the period end ARM received a dividend of R1.5 billion from Assmang.
On 6 February 2019, the Competition Commission of South Africa approved the acquisition by ARM of 100% of the Machadodorp Works business. The acquisition includes assets and assumption of certain liabilities relating to the business. The purchase price for the business amounted to R130 million. Since ARM owns 50% of Assmang, effectively R65 million of the purchase price received by Assmang is attributable to ARM. The purchase price will be adjusted for cash amounts received and paid during the period 1 January 2017 and 28 February 2019. For this reason we cannot disclose all the requirements of IFRS 3 - Business Combinations (refer note 2.7).
No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.

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