Notes to the financial statements

for the year ended 30 June 2014

1. Accounting policies

Statement of compliance

The Group and Company annual financial statements are prepared in accordance with 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 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

Impact of new standards

During the current financial year, the following new and revised accounting standards were adopted by ARM but have had no financial impact on the financial statements other than as noted below and certain disclosure changes:

Standard	Subject	Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendment)	1 January 2013
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 16	Property, Plant and Equipment	1 January 2013
IAS 19	Employee Benefits (Amendment)	1 January 2013
IAS 27	Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28	Investment in Associate and Joint Ventures (as revised in 2011)	1 January 2013
IAS 34	Interim Financial Reporting (Amendment)	1 January 2013
Circular 2/2013	Headline Earnings	31 July 2013

The adoption of these amendments had no significant effect on the Group financial statements, except for IFRS 11 Joint Arrangements and IAS 28 Investment in Associate and Joint Ventures (refer note 2) and changes in accounting policy below.

Changes in accounting policy

IFRS 11 removes the option to account for joint ventures using proportionate consolidation. Instead, joint arrangements that meet the definition of joint ventures must be accounted for using the equity method. For a joint operation, the operator recognises its assets, liabilities, income and expenses and/or relative share thereof.

The application of IFRS 11 and IAS 28 impacted the Group's accounting of its interest in its joint venture, Assmang Proprietary Limited. The Group has a 50% interest in Assmang Proprietary Limited which is jointly controlled by African Rainbow Minerals Limited and Assore Limited.

Prior to the adoption of IFRS 11, Assmang Proprietary Limited was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expense was proportionately consolidated in the consolidated financial statements.

Upon adoption of IFRS 11 the Group has determined its interest in Assmang Proprietary Limited to be classified as a joint venture under IFRS 11 and it is required to be accounted for using the equity method.

The transition was applied retrospectively as required by IFRS 11 and the comparative figures have been restated.

There is no impact on the net assets, earnings or headline earnings of the Group.

The effect of applying IFRS 11 on the Group's financial statements are shown in detail in note 2.

Basis of preparation

The Group and Company financial statements for the year have been prepared under the supervision of the financial director, Mr M Arnold CA(SA).

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years, except for the above-mentioned new and revised standards, and comply with IFRS.

The Group and Company financial statements have been prepared on the historical cost basis except for certain financial instruments that are fairly valued by mark-to-market.

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

Basis of consolidation

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

Notes to the financial statements continued

for the year ended 30 June 2014

Inter-company transactions and balances

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

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity.

Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

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

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

Investments in subsidiaries in the Company financial statements are accounted for at cost less impairment.

Joint operations

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

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

Joint operations are accounted for in the Company financial statements at cost less impairment.

Investment in associate and joint ventures

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

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

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

Investments in associates or joint ventures in the Company financial statements are accounted for at cost less impairment.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint operations, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

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

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

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

Current taxation

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

Deferred taxation

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

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

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

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

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

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

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

Deferred taxation asset

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

Value added tax (VAT)

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

Provisions

Provisions are recognised when the following conditions have been met:

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

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

Environmental rehabilitation obligation

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

Decommissioning

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

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

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by on going mining operations, is included in long-term provisions. This estimate is revised annually and any movement is expensed in the income statement. Expenditure on on going rehabilitation is charged to the income statement under cost of sales as incurred.

Environmental rehabilitation trust fund

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

Financial instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting, except where it recognised its share of an associate's cash flow hedge reserve as part of the equity accounted investment in the associate.

Financial assets

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

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

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

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

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in

Notes to the financial statements continued

for the year ended 30 June 2014

equity. Impairment losses are recognised in the income statement.

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

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

Impairment of financial assets

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

Assets carried at amortised cost

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

Available-for-sale financial assets

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

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

Financial liabilities

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

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

Financial guarantees

Financial Guarantee Contracts that are not considered to be insurance contracts, are initially recognised at fair value and subsequently remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the income statement.

Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

Investments

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

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

Receivables

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

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

Payables

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

Interest-bearing loans and borrowings

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

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

Derecognition of financial assets

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

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

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

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

Derecognition of financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Offsetting of financial instruments

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

Intangible assets

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

Amortisation is based on units of production or units of export sales. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Investment property

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

Property, plant and equipment

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

Land and buildings

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

Mine development and decommissioning

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

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

Notes to the financial statements continued

for the year ended 30 June 2014

Production stripping costs

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

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

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

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

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

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

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

Mineral rights

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

Plant and machinery

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

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

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

Mine properties

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

Furniture, equipment and vehicles

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

Finance leases

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

Research and development costs

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

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

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

Depreciation rates

Depreciation rates that are based on units-of-production take into account proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

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

Exploration expenditure

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

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

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

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

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

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

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

Non-current assets held for sale

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

Impairment of non-financial assets

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

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

Intangible assets with an indefinite life are tested annually for impairment.

Borrowing costs

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

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

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

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

Inventories

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

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

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

Foreign currency translations

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

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

- Assets and liabilities at rates of exchange ruling at the reporting date.
- Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow.
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
- Fair value adjustments of the foreign entity are translated at the rate prevailing on date of valuation.
- Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the income statement.

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

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

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

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

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

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

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

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

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

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

Equity-settled options expense is recognised over the expected vesting period.

Broad-Based Black Economic Empowerment (BBBEE) transactions
When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

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

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

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

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

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

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

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

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

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

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

Early settlement discounts and rebates
These are deducted from revenue and cost of inventories when applicable.

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

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

A geographical segment is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

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

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

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

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

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

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

Production start date
The phase of each mine construction project is assessed to determine when a mine moves into the production phase. The criteria used to assess the start date are determined by the unique nature of each mine's construction project and include factors such as the complexity of a plant and its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce inventory in saleable form; and
- ability to sustain on going production of inventory.

Notes to the financial statements continued

for the year ended 30 June 2014

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, production phase stripping costs capitalisable as stripping activity asset(s), and exploration expenditure that meets the criteria for capitalisation.

Mine rehabilitation provisions

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

Other resources and reserves estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units-of-production depreciation

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

Impairment of assets

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

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

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

Asset useful life and residual values

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

Share-based payments

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

Definitions

Cash and cash equivalents

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

Cash restricted for use

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

Active markets

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

Basic earnings per share

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

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 2 of 2013 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

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

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

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

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

Standard	Subject	Effective date
IFRS 7	Financial Instruments: Disclosures (Amendment)	1 January 2014
IFRS 9	Financial Instruments: Classification and measurement (Amendment)	1 January 2018
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2014
IFRS 11	Accounting for Aquisitions of Interest in Joint Operations (Amendment)	1 January 2016
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2014
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 19	Employee Benefits (Amendment)	1 July 2014
IAS 27	Equity Method of Separate Financial Statements (Amendment)	1 January 2016
IAS 27	Special Financial Statements (Amendment)	1 January 2014
IAS 32	Financial Instruments Presentation – Offsetting financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of Assets – Recoverable amount disclosure for non-financial assets of impaired assets	1 January 2014
IAS 39	Financial Instruments – Novation of derivatives and continuation of hedge accounting (Amendment)	1 January 2014
IFRIC 21	Levies	1 January 2014

Impact of above
The impact of the above standards or interpretations are still being assessed.

Notes to the financial statements continued

for the year ended 30 June 2014

2. Primary segmental information

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled in note 2.4.

ARM has a strategic holding in Harmony (gold) of 14.6% (F2013: 14.6%).

Platinum comprises Two Rivers Platinum Mine as a 55% subsidiary and ARM Mining Consortium Limited through which ARM holds an effective 41.5% interest in the Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50% joint operation for both its nickel and chrome operation. In the corporate structure Nickel is included under ARM Platinum.

ARM Ferrous comprises Assmang as a 50% joint venture. Assmang comprises iron ore, manganese and chrome operations.

ARM Coal, a 51% joint operation, comprises a 10.2% participating investment in the existing coal operations of GOSA (the participating coal business or PCB) and a 26% joint operation interest in the Goedgevonden Mine (GGV). In addition, ARM has a direct 10% participating investment in the PCB.

ARM Copper comprises an effective 40% share in the Lubambe Copper Mine and an effective 50% shareholding in the Lusaka Kabwe Project. Both these are held in the 50:50 Vale/ARM joint operation. The effective 30% shareholding in the Kalumines Copper Project was sold during December 2013.

ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities largely in sub-Saharan Africa.

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the reporting segments.

2. Primary segmental information continued

2.1 Year to 30 June 2014

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	*IFRS Adjust-ment Rm	Total per IFRS financial state-ments Rm
Sales	7 986	13 781	961	1 085	(28)	23 785	(13 781)	**10 004**
Cost of sales	(5 811)	(7 733)	(724)	(1 048)	73	(15 243)	7 712	**(7 531)**
Other operating income	79	176	24	36	752	1 067	(106)	**961**
Other operating expenses	(531)	(1 228)	(3)	(319)	(910)	(2 991)	1 228	**(1 763)**
Segment result	1 723	4 996	258	(246)	(113)	6 618	(4 947)	**1 671**
Income from investments	36	225	–	–	83	344	(225)	**119**
Finance cost	(51)	(27)	(89)	(2)	14	(155)	27	**(128)**
Finance cost ZCCM:								
Shareholders' loan								
Vale/ARM joint operation	–	–	–	(38)	–	(38)	–	**(38)**
Finance cost ARM:								
Shareholders' loan								
Vale/ARM joint operation	–	–	–	(93)	–	(93)	–	**(93)**
Loss from associate**	–	–	(374)	–		(374)	–	**(374)**
Income from joint venture***	–	11	–	–	–	11	3 538	**3 549**
Exceptional items	(2)	(260)	5	2	(621)	(876)	260	**(616)**
Taxation	(506)	(1 361)	(48)	(3)	25	(1 893)	1 347	**(546)**
Non-controlling interest	(319)	–	–	73	(9)	(255)	–	**(255)**
Consolidation adjustment	–	(35)	–	–	35	–	–	**–**
Contribution to basic earnings	881	3 549	(248)	(307)	(586)	3 289	–	**3 289**
Contribution to headline earnings	883	3 736	(120)	(309)	(82)	4 108	–	**4 108**
Other information								
Segment assets, including investment in associate	10 807	18 749	3 468	3 530	4 348	40 902	(4 444)	**36 458**
Investment in associate			1 267			1 267		**1 267**
Investment in joint venture							14 305	**14 305**
Segment liabilities	2 280	1 936	1 636	826	1 538	8 216	(1 936)	**6 280**
Unallocated liabilities (tax and deferred tax)						4 542	(2 563)	**1 979**
Consolidated total liabilities						12 758	(4 499)	**8 259**
Cash inflow/(outflow) from operations	1 894	5 584	406	(158)	(69)	7 657	(5 584)	**2 073**
Cash inflow/(outflow) from operating activities	1 386	4 485	407	(158)	(1 308)	4 812	(2 735)	**2 077**
Cash outflow from investing activities	(690)	(2 382)	(305)	(204)	(23)	(3 604)	2 382	**(1 222)**
Cash outflow from financing activities	(104)	–	(152)	–	(503)	(759)	–	**(759)**
Capital expenditure	731	1 753	129	299	6	2 918	(1 753)	**1 165**
Amortisation and depreciation	650	892	117	176	6	1 841	(892)	**949**
Impairment	–	260	183	–	–	443	(260)	**183**
EBITDA	2 373	5 888	375	(70)	(107)	8 459	(5 839)	**2 620**

** Includes IFRS 11 adjustments related to ARM Ferrous.*
*** Impairment included in loss from associate R132 million.*
**** Impairment included in income from joint venture R187 million.*

Notes to the financial statements continued

for the year ended 30 June 2014

2. Primary segmental information continued

2.1 Year to 30 June 2013 restated

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	Arm Corporate Rm	Total Rm	*IFRS adjust-ment Rm	Total per IFRS financial state-ments Rm
Sales	6 344	12 458	929	69	–	19 800	(12 458)	7 342
Cost of sales	(5 102)	(7 293)	(656)	(132)	46	(13 137)	7 271	(5 866)
Other operating income	87	312	37	11	776	1 223	(231)	992
Other operating expenses	(294)	(1 058)	(2)	(91)	(907)	(2 352)	1 058	(1 294)
Segment result	1 035	4 419	308	(143)	(85)	5 534	(4 360)	1 174
Income from investments	21	137	–	–	110	268	(137)	131
Finance cost	(56)	(26)	(82)	(20)	(35)	(219)	26	(193)
Finance cost Implats: Shareholders' loan Two Rivers	(3)	–	–	–	–	(3)	–	(3)
Finance cost ARM: Shareholders' loan Two Rivers	(3)	–	–	–	–	(3)	–	(3)
Loss from associate	–	–	(14)	–	–	(14)	–	(14)
Income from joint venture**	–	3	–	–	–	3	3 060	3 063
Exceptional items	–	(182)	(3)	–	(2 454)	(2 639)	182	(2 457)
Taxation	(285)	(1 245)	(63)	(6)	454	(1 145)	1 229	84
Non-controlling interest	(182)	–	–	34	–	(148)	–	(148)
Consolidation adjustment	–	(43)	–	–	43	–	–	–
Contribution to basic earnings	527	3 063	146	(135)	(1 967)	1 634	–	1 634
Contribution to headline earnings	527	3 194	148	(135)	3	3 737	–	3 737
Other information								
Segment assets, including investment in associate	9 913	16 775	3 631	3 581	4 208	38 108	(4 269)	33 839
Investment in associate			1 420			1 420		1 420
Investment in joint venture							12 506	12 506
Segment liabilities	2 008	1 724	1 717	919	2 001	8 369	(1 724)	6 645
Unallocated liabilities (tax and deferred tax)						4 277	(2 546)	1 731
Consolidated total liabilities						12 646	(4 270)	8 376
Cash generated from operations	1 159	4 747	390	(48)	64	6 312	(4 747)	1 565
Cash inflow/(outflow) from operating activities	988	3 979	219	(48)	(890)	4 248	(2 479)	1 769
Cash outflow from investing activities	(654)	(2 041)	(169)	(888)	(9)	(3 761)	2 041	(1 720)
Cash (outflow)/inflow from financing activities	(149)	–	(155)	144	634	474	–	474
Capital expenditure	735	1 951	41	753	9	3 489	(1 951)	1 538
Amortisation and depreciation	676	885	106	21	5	1 693	(885)	808
Impairment	–	156	–	–	–	156	(156)	–
EBITDA	1 711	5 304	414	(122)	(80)	7 227	(5 245)	1 982

* *Includes IFRS 11 adjustments related to ARM Ferrous.*

** *Impairment included in income from joint venture R112 million.*

The ARM Platinum segment is analysed further into Two Rivers Platinum Mine. ARM Mining Consortium (which includes Modikwa Platinum Mine) and Nkomati Nickel Mine.

2. Primary segmental information continued

2.2 Year to 30 June 2014

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
External sales	3 032	3 725	1 229	**7 986**
Cost of sales	(2 110)	(2 566)	(1 135)	**(5 811)**
Other operating income	47	15	17	**79**
Other operating expenses	(343)	(172)	(16)	**(531)**
Segment result	626	1 002	95	**1 723**
Income from investments	15	11	10	**36**
Finance cost	(5)	(44)	(2)	**(51)**
Exceptional items	(2)	–	–	**(2)**
Taxation	(192)	(288)	(26)	**(506)**
Non-controlling interest	–	(306)	(13)	**(319)**
Contribution to basic earnings	442	375	64	**881**
Contribution to headline earnings	444	375	64	**883**
Other information				
Segment and consolidated assets	3 885	3 999	2 923	**10 807**
Segment liabilities	871	982	427	**2 280**
Unallocated liabilities (tax and deferred tax)				**1 558**
Consolidated total liabilities				**3 838**
Cash generated from operations	492	1 220	182	**1 894**
Cash inflow from operating activities	508	705	173	**1 386**
Cash outflow from investing activities	(164)	(240)	(286)	**(690)**
Cash outflow from financing activities	–	(104)	–	**(104)**
Capital expenditure	129	317	285	**731**
Amortisation and depreciation	179	399	72	**650**
EBITDA	805	1 401	167	**2 373**

Notes to the financial statements continued

for the year ended 30 June 2014

2. Primary segmental information continued

2.2 Year to 30 June 2013

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
External sales	2 244	2 868	1 232	6 344
Cost of sales	(1 810)	(2 216)	(1 076)	(5 102)
Other operating income	54	21	12	87
Other operating expenses	(168)	(114)	(12)	(294)
Segment result	320	559	156	1 035
Income from investments	9	4	8	21
Finance cost	(3)	(50)	(3)	(56)
Finance cost Implats: Shareholders' loan Two Rivers	–	(3)	–	(3)
Finance cost ARM: Shareholders' loan Two Rivers	–	(3)	–	(3)
Taxation	(94)	(146)	(45)	(285)
Non-controlling interest	–	(162)	(20)	(182)
Contribution to basic earnings	232	199	96	527
Contribution to headline earnings	232	199	96	527
Other information				
Segment and consolidated assets	3 316	3 823	2 774	9 913
Segment liabilities	608	1 037	363	2 008
Unallocated liabilities (tax and deferred tax)				1 354
Consolidated total liabilities				3 362
Cash generated from operations	306	693	160	1 159
Cash inflow from operating activities	314	539	135	988
Cash outflow from investing activities	(80)	(427)	(147)	(654)
Cash outflow from financing activities	–	(149)	–	(149)
Capital expenditure	94	498	143	735
Amortisation and depreciation	254	350	72	676
EBITDA	574	909	228	1 711

2. Primary segmental information continued

2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis

	Iron Ore Division Rm	Manganese Division Rm	Chrome Division Rm	Ferrous Total Rm	ARM share Rm	*IFRS adjust-ment Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2014							
Sales	17 667	8 286	1 608	27 561	13 781	(13 781)	–
Other operating income	744	166	27	937	176	(176)	–
Other operating expense	(2 020)	(821)	(201)	(3 042)	(1 228)	1 228	–
Operating profit	8 332	1 474	184	9 990	4 996	(4 996)	–
Contribution to earnings	6 357	684	128	7 169	3 584	(35)	**3 549**
Contribution to headline earnings	6 356	1 058	128	7 542	3 771	(35)	**3 736**
Other information							
Consolidated total assets	26 145	11 246	1 027	38 418	18 749	(4 444)	**14 305**
Consolidated total liabilities	6 087	2 545	516	9 148	1 936	(1 936)	–
Capital expenditure	2 058	1 340	244	3 642	1 753	(1 753)	–
Amortisation and depreciation	1 295	450	80	1 825	892	(892)	–
Cash inflow from operating activities	**3 510	1 650	310	5 470	4 485	(4 485)	–
Cash outflow from investing activities	(1 845)	(2 681)	(237)	(4 763)	(2 382)	2 382	–
EBITDA	9 627	1 924	264	11 815	5 888	(5 888)	
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				20 638		(20 638)	–
Investment in joint venture				1 663		(1 663)	–
Other non-current assets				781		(781)	–
Current assets							–
Inventories				4 427		(4 427)	–
Trade and other receivables				4 823		(4 823)	–
Financial assets				112		(112)	–
Cash and cash equivalents				5 976		(5 976)	–
Non-current liabilities							–
Other non-current liabilities				5 986		(5 986)	–
Current liabilities							–
Trade and other payables				2 232		(2 232)	–
Short-term provisions				585		(585)	–
Taxation				346		(346)	–

** Includes consolidation and IFRS 11 adjustments.*
*** Dividend paid amounting to R3.5 billion included in cash flows from operating activities.*

Notes to the financial statements continued
for the year ended 30 June 2014

2. Primary segmental information continued
2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis

	Iron Ore Division Rm	Manganese Division Rm	Chrome Division Rm	Ferrous Total Rm	ARM share Rm	*IFRS adjust-ment Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2013 restated							
Sales	15 690	7 349	1 876	24 915	12 458	(12 458)	–
Other operating income	854	283	22	1 159	312	(312)	–
Other operating expense	(1 576)	(767)	(312)	(2 655)	(1 058)	1 058	–
Operating profit/(loss)	7 466	1 547	(179)	8 834	4 419	(4 419)	–
Contribution to earnings	5 517	827	(134)	6 210	3 106	(43)	3 063
Contribution to headline earnings	5 531	940	1	6 472	3 237	(43)	3 194
Other information							
Consolidated total assets	23 185	10 412	776	34 373	16 775	(4 269)	12 506
Consolidated total liabilities	5 985	2 454	332	8 771	1 724	(1 724)	–
Capital expenditure	2 709	1 216	132	4 057	1 951	(1 951)	–
Amortisation and depreciation	1 180	531	102	1 813	885	(885)	–
Cash inflow/(outflow) from operating activities	**3 694	1 305	(50)	4 949	3 979	(3 979)	–
Cash outflow from investing activities	(2 791)	(1 155)	(127)	(4 073)	(2 041)	2 041	–
EBITDA	8 646	2 078	(77)	10 647	5 304	(5 304)	–
Additional information for ARM Ferrous at 100%							
Non-current assets							
Property, plant and equipment				19 445		(19 445)	–
Investment in joint venture				238		(238)	–
Other non-current assets				579		(579)	–
Current assets							
Inventories				4 118		(4 118)	–
Trade and other receivables				5 724		(5 724)	–
Cash and cash equivalents				5 268		(5 268)	–
Non-current liabilities							
Other non-current liabilities				5 564		(5 564)	–
Current liabilities							
Trade and other payables				2 145		(2 145)	–
Short-term provisions				505		(505)	–
Taxation				558		(558)	–

* *Includes consolidation and IFRS 11 adjustments.*
** *Dividend paid amounting to R3 billion included in cash flows from operating activities.*

2. Primary segmental information continued

2.4 Additional information

ARM Corporate as presented in the table on pages 199 and 200 is analysed further into Corporate and other, ARM Exploration and Gold segments

	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2014				
Sales	–	(28)	–	**(28)**
Cost of sales	–	73	–	**73**
Other operating income	–	752	–	**752**
Other operating expenses	(81)	(829)	–	**(910)**
Segment result	(81)	(32)	–	**(113)**
Income from investments	–	83	–	**83**
Finance cost	–	14	–	**14**
Exceptional items	–	6	(627)	**(621)**
Taxation	–	(92)	117	**25**
Non-controlling interest	–	(9)	–	**(9)**
Consolidation adjustments		35		**35**
Contribution to basic earnings	(81)	5	(510)	**(586)**
Contribution to headline earnings	(81)	(1)	–	**(82)**
Other information				
Segment assets, including investment in associate	–	2 366	1 982	**4 348**
Segment liabilities	–	1 538	–	**1 538**
Cash outflow from operating activities	(81)	(1 227)	–	**(1 308)**
Cash outflow from investing activities	–	(23)	–	**(23)**
Cash outflow from financing activities	–	(503)	–	**(503)**
Capital expenditure	–	6	–	**6**
Amortisation and depreciation	–	6	–	**6**
EBITDA	(81)	(26)	–	**(107)**
Year to 30 June 2013 restated				
Cost of sales	–	46	–	46
Other operating income	–	776	–	776
Other operating expenses	(88)	(819)	–	(907)
Segment result	(88)	3	–	(85)
Income from investments	–	46	64	110
Finance cost	–	(35)	–	(35)
Exceptional items	–	–	(2 454)	(2 454)
Taxation	–	(30)	484	454
Consolidation adjustment	–	43	–	43
Contribution to basic earnings	(88)	27	(1 906)	(1 967)
Contribution to headline earnings	(88)	27	64	3
Other information				
Segment assets, including investment in associate	–	1 933	2 275	4 208
Segment liabilities	–	2 001	–	2 001
Cash (outflow)/inflow from operating activities	(88)	(866)	64	(890)
Cash outflow from investing activities	–	(9)	–	(9)
Cash inflow from financing activities	–	634	–	634
Capital expenditure	–	9	–	9
Amortisation and depreciation	–	5	–	5
EBITDA	(88)	8	–	(80)

* *Corporate, other companies and consolidation adjustments.*

Notes to the financial statements continued

for the year ended 30 June 2014

2. Primary segmental information continued

2.5 Impact of accounting policy change on:

Group statement of financial position

	As at 30 June 2014			As at 30 June 2013		
	Current accounting policy Rm	Previous accounting policy Rm	Difference Rm	Current accounting policy Rm	Previous accounting policy Rm	Difference Rm
Assets						
Non-current assets						
Property, plant and equipment	11 752	21 845	(10 093)	11 309	20 636	(9 327)
Investment property	12	12	–	12	12	–
Intangible assets	166	166	–	178	179	(1)
Deferred tax assets	381	381	–	327	327	–
Loans and long-term receivables	73	370	(297)	90	285	(195)
Financial assets	2	118	(116)	3	98	(95)
Investment in associate	1 267	1 267	–	1 420	1 420	–
Investment in joint venture	14 305	–	14 305	12 506	–	12 506
Other investments	2 119	2 119	–	2 391	2 391	–
	30 077	26 278	3 799	28 236	25 348	2 888
Current assets						
Inventories	934	3 228	(2 294)	1 096	3 222	(2 126)
Trade and other receivables	3 291	5 759	(2 468)	2 290	4 667	(2 377)
Taxation	5	61	(56)	22	22	–
Financial asset	1	57	(56)	39	39	–
Cash and cash equivalents	2 150	5 630	(3 480)	1 965	4 632	(2 667)
	6 381	14 735	(8 354)	5 412	12 582	(7 170)
Assets held for sale	–	–	–	191	191	–
Total assets	36 458	41 013	(4 555)	33 839	38 121	(4 282)
Equity and liabilities						
Capital and reserves						
Ordinary share capital	11	11	–	11	11	–
Share premium	4 108	4 108	–	3 996	3 996	–
Other reserves	1 258	1 253	5	769	769	–
Retained earnings	21 311	21 311	–	19 294	19 294	–
Equity attributable to equity holders of ARM	26 688	26 683	5	24 070	24 070	–
Non-controlling interest	1 511	1 511	–	1 393	1 393	–
Total equity	28 199	28 194	5	25 463	25 463	–
Non-current liabilities						
Long-term borrowings	2 420	2 420	–	3 293	3 293	–
Deferred tax liabilities	1 911	4 321	(2 410)	1 680	3 951	(2 271)
Long-term provisions	558	1 028	(470)	560	959	(399)
	4 889	7 769	(2 880)	5 533	8 203	(2 670)
Current liabilities						
Trade and other payables	1 741	2 898	(1 157)	1 599	2 678	(1 079)
Short-term provisions	479	772	(293)	494	746	(252)
Taxation	68	298	(230)	51	332	(281)
Overdrafts and short-term borrowings	1 082	1 082	–	699	699	–
	3 370	5 050	(1 680)	2 843	4 455	(1 612)
Total equity and liabilities	36 458	41 013	(4 555)	33 839	38 121	(4 282)

2. Primary segmental information continued

2.5 Impact of accounting policy change on:

Group income statement

	For the year ended 30 June 2014 Current accounting policy Rm	Previous accounting policy Rm	Difference Rm	For the year ended 30 June 2013 Current accounting policy Rm	Previous accounting policy Rm	Difference Rm
Sales	10 004	24 005	(14 001)	7 342	19 844	(12 502)
Cost of sales	(7 531)	(15 443)	7 912	(5 866)	(13 115)	7 249
Gross profit	2 473	8 562	(6 089)	1 476	6 729	(5 253)
Other operating income	961	803	158	992	960	32
Other operating expenses	(1 763)	(2 737)	974	(1 294)	(2 152)	858
Profit from operations before exceptional items	1 671	6 628	(4 957)	1 174	5 537	(4 363)
Income from investments	119	346	(227)	131	268	(137)
Finance costs	(259)	(286)	27	(199)	(225)	26
Loss from associate	(374)	(374)	–	(14)	(14)	–
Income from joint venture	3 549	–	3 549	3 063	–	3 063
Profit before taxation and exceptional items	4 706	6 314	(1 608)	4 155	5 566	(1 411)
Exceptional items	(616)	(876)	260	(2 457)	(2 639)	182
Profit before taxation	4 090	5 438	(1 348)	1 698	2 927	(1 229)
Taxation	(546)	(1 894)	1 348	84	(1 145)	1 229
Profit for the period	3 544	3 544	–	1 782	1 782	–
Attributable to:						
Non-controlling interest	255	255	–	148	148	–
Equity holders of ARM	3 289	3 289	–	1 634	1 634	–
	3 544	3 544	–	1 782	1 782	–
Additional information						
Headline earnings (R million)	4 108	4 108	–	3 737	3 737	–
Headline earnings per share (cents)	1 900	1 900	–	1 735	1 735	–
Basic earnings per share (cents)	1 521	1 521	–	759	759	–
Fully diluted headline earnings per share (cents)	1 886	1 886	–	1 723	1 723	–
Fully diluted basic earnings per share (cents)	1 510	1 510	–	753	753	–
Net asset value per share (cents)	12 313	12 313	–	11 163	11 163	–
EBITDA (R million)	2 620	8 473	(5 853)	1 982	7 230	(5 248)

Notes to the financial statements continued

for the year ended 30 June 2014

2. Primary segmental information continued

2.5 Impact of accounting policy change on:

Group statement of cash flows

	For the year ended 30 June 2014			For the year ended 30 June 2013		
	Current accounting policy Rm	Previous accounting policy Rm	Difference Rm	Current accounting policy Rm	Previous accounting policy Rm	Difference Rm
Cash flow from operating activities						
Cash receipts from customers	9 950	23 570	(13 620)	7 618	19 611	(11 993)
Cash paid to suppliers and employees	(7 877)	(15 922)	8 045	(6 053)	(13 299)	7 246
Cash generated from operations	2 073	7 648	(5 575)	1 565	6 312	(4 747)
Interest received	99	312	(213)	62	199	(137)
Interest paid	(113)	(114)	1	(115)	(115)	–
Dividends received	1	–	1	64	64	–
Dividends received from joint venture	1 750	–	1 750	1 500	–	1 500
Dividends paid to non-controlling interest	(236)	(236)	–	–	–	–
Dividends paid	(1 102)	(1 102)	–	(1 021)	(1 021)	–
Taxation paid	(395)	(1 714)	1 319	(286)	(1 191)	905
Net cash inflow from operating activities	2 077	4 794	(2 717)	1 769	4 248	(2 479)
Cash flow from investing activities						
Additions to property, plant and equipment to maintain operations	(724)	(2 249)	1 525	(544)	(1 452)	908
Additions to property, plant and equipment to expand operations	(409)	(837)	428	(1 063)	(2 224)	1 161
Proceeds on disposal of property, plant and equipment	118	171	(53)	1	23	(22)
Proceeds on disposal of subsidiary	1	1	–	–	–	–
Transfer of cash on disposal of subsidiary	(16)	(16)	–	–	–	–
Additional investment in associate	(189)	(189)	–	(112)	(112)	–
Investment in RBCT	(20)	(20)	–	(26)	(26)	–
Decrease in loans and receivables	17	17	–	24	30	(6)
Net cash outflow from investing activities	(1 222)	(3 122)	1 900	(1 720)	(3 761)	2 041
Cash flow from financing activities						
Proceeds on exercise of share options	62	62	–	28	28	–
Long-term borrowings raised	–	–	–	802	802	–
Long-term borrowings repaid	(728)	(728)	–	(212)	(212)	–
Short-term borrowings repaid	(93)	(93)	–	(144)	(144)	–
Net cash (outflow)/inflow from financing activities	(759)	(759)	–	474	474	–
Net increase in cash and cash equivalents	96	913	(817)	523	961	(438)
Cash and cash equivalents at beginning of year	1 569	4 236	(2 667)	998	3 227	(2 229)
Foreign currency translation on cash balances	4	–	4	48	48	–
Cash and cash equivalents at end of year	1 669	5 149	(3 480)	1 569	4 236	(2 667)

2 Primary segmental information continued

2.6 Geographical segments

	Group F2014 Rm	Group Restated F2013 Rm
The Group operates principally in South Africa, however, the Vale/ARM joint operation operates principally in Zambia, and other countries.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**27 609**	26 089
– Europe	**1 204**	1 281
– Americas	**193**	203
– Far and Middle East	**3 891**	2 724
– Zambia	**3 299**	3 004
– Other	**262**	538
	36 458	33 839
Sales by geographical area		
– South Africa	**5 102**	4 320
– Europe	**3 152**	2 289
– Far and Middle East	**595**	599
– Other	**1 155**	134
	10 004	7 342
Sales to major customers		
The only segment that is affected by the requirement to show this analysis is the platinum segment and the breakdown is as follows:		
Rustenburg Platinum Mines Limited	**1 229**	1 232
Impala Platinum Limited	**3 725**	2 868
Capital expenditure		
– South Africa	**866**	785
– Rest of Africa	**299**	753
	1 165	1 538

Notes to the financial statements continued

for the year ended 30 June 2014

Group	Mine development and decommissioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture equipment and vehicles Rm	Finance leases Rm	Total Property, plant and equipment Rm
3. Property, plant and equipment								
Cost								
Restated								
Balance at 30 June 2012	5 938	3 682	243	1 969	353	721	313	13 219
Additions	1 059	258	20	–	49	92	60	1 538
Reclassifications	(79)	12	16	–	–	51	–	–
Change in estimates*	(9)	(53)	(22)	–	(12)	(3)	–	(99)
Scrapping	–	(6)	–	–	–	–	–	(6)
Disposals	–	(13)	–	–	–	(33)	(30)	(76)
Realignment of currencies	339	48	4	–	27	5	–	423
Balance at 30 June 2013	7 248	3 928	261	1 969	417	833	343	**14 999**
Additions	398	479	82	–	45	78	83	**1 165**
Reclassifications	(899)	936	–	156	(156)	–	–	**37**
Change in estimates*	–	–	9	–	–	–	–	**9**
Disposals	(3)	–	–	–	–	(52)	(15)	**(70)**
Realignment of currencies	179	23	2	–	10	2	–	**216**
Balance at 30 June 2014	6 923	5 366	354	2 125	316	861	411	**16 356**
Accumulated amortisation, depreciation and impairment								
Restated								
Balance at 30 June 2012	1 484	678	71	182	1	430	183	3 029
Charge for the year	307	234	23	51	1	101	79	796
Disposals	–	(13)	–	–	–	(33)	(30)	(76)
Reclassifications	4	(7)		–	–		3	–
Asset held for sale	(9)	(49)	(21)	–	–	(3)	–	(82)
Scrapping	–	(3)	–	–	–	–	–	(3)
Realignment of currencies	2	18	4	–	–	2	–	26
Balance at 30 June 2013	1 788	858	77	233	2	497	235	**3 690**
Charge for the year	349	316	20	55	–	100	97	**937**
Reclassifications	–	37	–	1	(1)	–	–	**37**
Disposals	(1)	–	–	–	–	(52)	(15)	**(68)**
Realignment of currencies	–	7	–	–	–	1	–	**8**
Balance at 30 June 2014	2 136	1 218	97	289	1	546	317	**4 604**
Carrying value at 30 June 2013	5 460	3 070	184	1 736	415	336	108	11 309
Carrying value at 30 June 2014	4 787	4 148	257	1 836	315	315	94	**11 752**

** Change in estimates relates to the fair value adjustment made on the compensation for potential loss of future income/(loss) payable by Two Rivers to Assmang (refer note 18).*

3. Property, plant and equipment continued

a. Borrowing costs

No borrowing costs were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2014 (F2013: R16 million).

b. Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R212 milliion (F2013: R152 million).

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3.6 billion (F2013: R3 billion). Refer to note 16 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year-end was R94 million (F2013: R108 million). Leased assets are pledged as security for the related finance lease.

d. Exploration and evaluation assets

These assets are included under mine development and decommissioning assets and amount to R173 million (F2013: R242 million).

Company	Mine develop-ment and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture equipment and vehicles Rm	Total Property, plant and equipment Rm
Cost						
Balance at 30 June 2012	829	1 880	35	144	194	3 082
Additions	80	14	–	–	9	103
Derecognition	(2)	–	–	–	–	(2)
Balance at 30 June 2013	907	1 894	35	144	203	**3 183**
Additions	123	–	3	–	9	**135**
Disposal	(3)	–	–	–	–	**(3)**
Balance at 30 June 2014	1 027	1 894	38	144	212	**3 315**
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2012	450	311	4	–	49	814
Charge for the year	170	75	2	–	12	259
Balance at 30 June 2013	620	386	6	–	61	**1 073**
Charge for the year	89	82	2	–	12	**185**
Disposal	(1)	–	–	–	–	**(1)**
Balance at 30 June 2014	708	468	8	–	73	**1 257**
Carrying value at 30 June 2013	287	1 508	29	144	142	2 110
Carrying value at 30 June 2014	319	1 426	30	144	139	**2 058**

a. Borrowing costs

No borrowing costs were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2014 (F2013: Rnil).

b. Capital work-in-progress

Included in mine development and decommissioning assets above are R212 million (F2013: R152 million) of assets relating to pre-stripping at Nkomati.

A register containing details of mineral and mining rights and land and buildings is available for inspection during business hours at the registered address of the Company by members or their duly authorised agents.

Notes to the financial statements continued

for the year ended 30 June 2014

	Group	
	F2014 Rm	Restated F2013 Rm
4. Investment property		
Cost	**20**	20
Accumulated depreciation and impairment	**(8)**	(8)
Carrying value	**12**	12

The investment property is situated at 56 Main Street, Johannesburg South Africa.

Currently this property is 32% (F2013: 30%) occupied with current lease contracts terminating between 2014 and 2017. Annual rental escalations are between 8% and 10%.

Refer to note 26 for rental income derived from this property.

The depreciation for the year was less than R1 million.

	RBCT entitlement Rm	Other Rm	Total Rm
5. Intangible assets			
Group			
Cost			
Balance at 30 June 2012	220	1	221
Balance at 30 June 2013	220	1	221
Balance 30 June 2014	220	1	**221**
Accumulated amortisation			
Balance at 30 June 2012	31	–	31
Charge for the year	12	–	12
Balance at 30 June 2013	43	–	**43**
Charge for the year	12	–	**12**
Balance at 30 June 2014	55	–	**55**
Carrying value at 30 June 2013	177	1	178
Carrying value at 30 June 2014	165	1	**166**

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint operation of R165 million (F2013: R177 million) and (ii) R1 million (F2013: R1 million) relating to patents, trademarks and software.

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 21 years (F2013: 22 years).

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
6. Loans and long-term receivables				
Long-term receivables	**73**	90	**607**	377
Total	**73**	90	**607**	377
Long-term loans held are as follows:				
ARM Platinum (Modikwa)	**17**	17	**–**	–
ARM Coal (refer note 8)	**–**	–	**9**	9
ARM Coal (GOSA)	**56**	73	**–**	–
ARM Coal (Corporate)	**–**	–	**598**	368
	73	90	**607**	377
The ARM Coal (GOSA) loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.				
ARM Platinum (Modikwa) is a loan due by the communities (non-controlling interest) around the Modikwa Mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.				
7. Financial assets				
Structured investment	**–**	39	**–**	–
Arranger's fee	**3**	3	**–**	–
	3	42	**–**	–
Less: Transfer to short-term financial assets	**(1)**	(39)	**–**	–
Total	**2**	3	**–**	–

The investment was a structured product, invested with ABSA Bank Limited, over a fixed term made with the strategic intention to attract, retain, motivate and reward eligible senior employees at Two Rivers Rnil (F2013: R39 million). The investment capital growth was linked to the JSE Top 40 index growth. The investment maturity dates were not applicable (F2013: 29 November 2013). This asset was carried at fair value through the profit and loss (refer note 26). During 2012 a US Dollar denominated loan was taken up with Standard Finance (Isle of Man) Limited in terms of which an arranger's fee was paid. This arranger's fee is amortised over the 60 month period of the loan starting from April 2012.

Notes to the financial statements continued

for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
8. Investment in associate				
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations (PCB) of GOSA.				
Opening balance	**951**	862	**–**	–
Original investment (10.2%)	**400**	400	**–**	–
Additional investment (ATCOM and ATC collieries)*	**9**	9	**–**	–
Additional investment	**313**	201	**–**	–
Retained income	**245**	252	**–**	–
Cash flow hedge	**(16)**	–	**–**	–
Additional investment	**189**	112	**–**	–
Loss for the current year	**(189)**	(7)	**–**	–
Cash flow hedge current year	**16**	(16)	**–**	–
	967	951	**–**	–
ARM invested directly in 10% of the existing coal operations (PCB) of GOSA on 1 September 2007.				
Opening balance	**607**	630	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
Retained income	**191**	198	**–**	–
Cash flow hedge	**(16)**	–	**–**	–
Loss for the current year	**(185)**	(7)	**–**	–
Cash flow hedge current year	**16**	(16)	**–**	–
	438	607	**432**	432
Less: dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 267**	1 420	**432**	432
Total loss for the year	**(374)**	(14)		
Total cash flow hedge for the year	**32**	(32)		

** Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation (refer note 6).*

	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
PCB at 100%				
Sales	**6 639**	8 128		
Statement of financial position				
Non-current assets	**24 935**	22 795		
Current assets	**2 438**	4 581		
Total assets	**27 373**	27 376		
Less:				
Non-current liabilities	**19 868**	19 415		
Current liabilities	**1 230**	933		
Net assets	**6 275**	7 028		

	Group		Company	
	F2014 Rm	Restated F2013 Rm	**F2014 Rm**	F2013 Rm
9. Investment in joint venture				
The investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore, manganese and chrome operations				
Opening balance	**12 506**	10 943	**259**	259
Income for the period	**3 584**	3 106	**–**	–
Consolidation adjustment	**(35)**	(43)	**–**	–
Net income for the period	**3 549**	3 063	**–**	–
Less: dividend received for the period	**(1 750)**	(1 500)	**–**	–
Closing balance	**14 305**	12 506	**259**	259
Company column for F2013 was restated out of investments note 10 to investment in joint venture R259 million.				

ARM Ferrous and consolidated adjustments statement of financial positions at 1 July 2012 include the following line items:

	ARM Ferrous	Con-solidated adjustment	Total
Assets			
Non-current assets			
Property, plant and equipment	8 817	(352)	8 465
Intangible assets	1	–	1
Loans and long-term receivables	107	–	107
Financial assets	44	–	44
	8 969	(352)	8 617
Current assets			
Inventories	1 901	–	1 901
Trade and other receivables	2 004	36	2 040
Cash and cash equivalents	2 229	–	2 229
	6 134	36	6 170
Total assets	15 103	(316)	14 787
Liabilities			
Non-current liabilities			
Deferred tax liabilities	2 238	(99)	2 139
Long-term provisions	323	–	323
	2 561	(99)	2 462
Current liabilities			
Trade and other payables	1 005	36	1 041
Short-term provisions	253	–	253
Taxation	88	–	88
	1 346	36	1 382
Net assets – (opening balance above)	11 196	(253)	10 943

Notes to the financial statements continued

for the year ended 30 June 2014

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
10. Other investments				
Listed investment*				
Opening balance	**2 275**	4 868	**2 275**	4 868
Unrealised available-for-sale reserve and impairment	**(293)**	(2 593)	**(293)**	(2 593)
Available-for-sale reserve in other comprehensive income	**334**	–	**334**	–
Available-for-sale reserve in other comprehensive income reclassified	**–**	(139)	**–**	67
Impairment of listed investment** (refer note 30)	**(627)**	(2 454)	**(627)**	(2 660)
Total – listed investment classified as available-for-sale	**1 982**	2 275	**1 982**	2 275
Market value of listed investment	**1 982**	2 275	**1 982**	2 275
(Determined by reference to market share price)				
Unlisted joint operations				
Investment in joint operation*** (refer page 250)			**1 941**	1 941
Loans**** (refer page 250)			**1 125**	728
RBCT	**126**	106		
Preference shares	**11**	10		
Unlisted – subsidiary companies				
Cost of investments (refer page 249)			**611**	567
Loans**** (refer page 249)			**800**	800
Total unlisted investments	**137**	116	**4 477**	4 036
Total carrying amount investments	**2 119**	2 391	**6 459**	6 311

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions. Market value of listed investment is determined by reference to market share price at 30 June 2014 and 30 June 2013.

Kingfisher Insurance Company Limited holds R11 million (F2013: R10 million) preference shares in various financial institutions.

Investments valued at cost amount to R611 million (F2013: R567 million) as reflected above in the Company column.

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan which at 30 June 2014 was Rnil (F2013: R567 million) (refer note 16). The book value of the pledged shares amounts to R1 339 million (F2013: R1 631 million).

A report on investments appears on pages 248 to 250.

* *Harmony 63 632 922 shares at R31.15 per share (F2013: R35.75 per share).*

** *The impairment was due to a significant decline in the share price below cost. For additional information please refer to the Financial Director's report on page 20.*

*** *ARM Coal Proprietary Limited, and Vale/ARM joint operation.*

**** *These loans are interest-free with no fixed terms of repayment except for:*

(i) the loan to Venture Building Trust of R55 million (F2013: R55 million) bears interest at 2% below the prime bank overdraft rate, which is currently 7% (F2013: 6.5%) pa;

(ii) Vale/ARM joint operation loans included under joint operations R1 125 million which currently bears interest at LIBOR plus 5% (F2013: R728 million beared interest at LIBOR plus 5%).

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
11. Inventories				
Ore stockpiles	**432**	599	**235**	199
Consumable stores	**334**	304	**94**	85
Work-in-progress	**41**	58	**24**	32
Finished goods	**127**	135	**25**	10
	934	1 096	**378**	326
Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.				
Value of inventories carried at net realisable value is Rnil (F2013: R311 million).				
Refer to note 25 for the expense of inventory written down or up and the amount of inventories expensed during the year.				
Inventories to the value of R90 million (F2013: R120 million) have been pledged as security for loans in ARM Coal Proprietary Limited (refer note 16).				
12. Trade and other receivables				
Trade receivables	**355**	166	**181**	29
Related parties (refer note 43)	**2 658**	1 865	**1 201**	676
Other receivables	**278**	259	**8**	39
	3 291	2 290	**1 390**	744
Trade and other receivables are non-interest – bearing and are generally on 30 – 90 day payment terms.				
Payment terms which vary from the norm are: – PGM's which are paid approximately four months after delivery – 20% of nickel delivered which is paid approximately five months after delivery				
Debtors analysis				
Outstanding on terms' normal cycle	**2 447**	2 232	**577**	677
Outstanding longer than 30 days outside normal cycle	**29**	–	**–**	–
Outstanding longer than 60 days outside normal cycle	**–**	–	**–**	–
Outstanding longer than 90 days outside normal cycle	**–**	–	**–**	–
Outstanding longer than +120 days outside normal cycle*	**815**	67	**813**	67
Less: provisions for impairments	**–**	(9)	**–**	–
Total	**3 291**	2 290	**1 390**	744
** No provision has been raised in F2014 on debtors outstanding longer than 120 days (F2013: Rnil) as the balance is considered recoverable. Total provision at year-end amounted to Rnil (F2013: R9 million).*				
Provision for impairments				
Opening balance	**9**	8	**–**	1
(Sold)/foreign exchange/(release) for the year	**(9)**	1	**–**	(1)
Closing balance	**–**	9	**–**	–

Notes to the financial statements continued

for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
13. Cash and cash equivalents				
Cash at bank and on deposit	**1 295**	1 182	**962**	802
Restricted cash				
– Rehabilitation trust funds (refer note 23)	**117**	121	**52**	51
– Other	**738**	662	**55**	58
Cash and cash equivalents per statement of financial position	**2 150**	1 965	**1 069**	911
Less: overdrafts (refer note 21)	**(481)**	(396)	**(27)**	(30)
Cash and cash equivalents per statement of cash flows	**1 669**	1 569	**1 042**	881
The cash is held as follows per statement of financial position:				
African Rainbow Minerals Limited	**746**	579	**746**	579
ARM Finance Company SA	**63**	60	**–**	–
ARM Coal Proprietary Limited	**–**	4	**–**	–
ARM Platinum Proprietary Limited	**28**	125	**–**	–
Kingfisher Insurance Co Limited	**137**	134	**–**	–
Nkomati	**216**	223	**216**	223
Two Rivers Platinum Proprietary Limited	**9**	9	**–**	–
Vale/ARM joint operation	**92**	45	**–**	–
Venture Building Trust Proprietary Limited	**4**	2	**–**	–
Restricted cash*	**855**	784	**107**	109
	2 150	1 965	**1 069**	911

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

** Restricted cash includes:*
- *The ARM trust of R27 million (F2013: R30 million) and cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R548 million (F2013: R492 million) in terms of an insurance contract.*
- *Guarantees issued by ARM Coal to DMR amounting to R40 million (F2013: R35 million).*
- *Guarantees issued by Two Rivers to DMR and Eskom amounting to R84 million (F2013: R53 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R59 million (F2013: R27 million).*
- *Guarantees issued by Modikwa to DMR amounting to R77 million (F2013: R60 million).*

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
14. Assets held for sale				
Fixed assets	**–**	18	**–**	–
Ore stockpiles	**–**	173	**–**	–
	–	191	**–**	–

The decision to exit the Kalumines project in the Democratic Republic of the Congo (DRC) was concluded after the end of the previous financial year.

The mining licence was handed back to Gecamines (our 40% partner) and Gecamines paid a settlement fee for the mining of ore and for geological drilling carried out by the partners.

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
Assets at 30 June 2013	191	–	–	–
Now controlling interest paid (refer statement of equity – group)	(71)	–	–	–
Foreign exchange	(6)	–	–	–
Cash from transaction	114	–	–	–
Other entities proceeds	4	1	–	–
Total cash per cashflow	118	1	–	–

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm

15. Share capital and share premium

Share capital				
Authorised				
500 000 000 (F2013: 500 000 000) ordinary shares of 5 cents each	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**11**	11	**11**	11
1 122 839 (F2013: 773 076)* shares issued	**–**	–	**–**	–
216 747 811 (F2013: 215 624 972) ordinary shares of 5 cents each	**11**	11	**11**	11
Share premium	**4 108**	3 996	**4 108**	3 996
– Balance at beginning of the year	**3 996**	3 937	**3 996**	3 937
– Premium on shares issued	**112**	59	**112**	59
Total issued share capital and share premium	**4 119**	4 007	**4 119**	4 007

** The movement in issued shares was less than R1 million.*

16. Long-term borrowings

Secured				
Loan facility (Two Rivers – mine housing project)	**58**	75	**–**	–
Loan facility (ARM Corporate)	**–**	567	**–**	567
Loan facility (ARM Finance Company SA)	**850**	795	**–**	–
Leases (Vale/ARM joint operation)	**12**	–	**–**	–

Loan facility (Two Rivers – mine housing project)

This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment due at 30 September 2017. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year-end the rate was 8.38% (F2013: 7.35%).

The loan is secured by a mortgage bond over the property and a cession of insurances.

Loan facility (ARM Corporate)

This loan facility is for an amount of R2 250 million and is repayable in August 2015. The interest rate has a JIBAR base with an additional margin between 2.3% and 3.5%. At 30 June 2014 no amount was drawn against this facility therefore the rate was not applicable (F2013: 7.35%). This loan has been secured by a pledge of shares (refer note 10).

Loan facility (ARM Finance Company SA)

This loan facility is for US$80 million for the development of the Lubambe Copper Project. The interest rate is LIBOR plus 3.65% with repayments commencing from December 2014 in quarterly instalments with a final repayment in September 2017. At year-end an amount of US$80 million had been drawn on this facility (F2013: US$80 million). ARM company has guaranteed this loan.

Leases (Vale/ARM joint operation)

Finance leases over property, plant and equipment with a book value of R13 million (F2013: Rnil) bear interest between 8% and 15% (F2013: nil) and are payable in varying monthly instalments over a maximum period of 24 months which commenced in September 2013 and a final payment due in January 2016 (refer note 39).

Notes to the financial statements continued

for the year ended 30 June 2014

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
16. Long-term borrowings continued				
Loan facility (Vale/ARM joint operation) (partner loan)	**452**	398	**–**	–
This loan is from ZCCM – IH relating to their 20% contribution to the funding of Lubambe Copper Mine Limited. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine Limited. The funding carries interest at a six-month LIBOR rate plus 5%. The LIBOR rates for the period under review varied between 0.32% and 0.42% (F2013: 0.41% and 0.86%). The loan is repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 30 September 2014, with final settlement on 30 June 2017.				
Leases (Two Rivers)	**109**	119	**–**	–
Finance leases over property, plant and equipment with a book value of R81 million (F2013: R108 million) bear interest at 7% (F2013: 7%) linked to JIBAR and are payable in varying monthly instalments over a maximum period of 60 months which commenced in 30 November 2008 and a final payment due 30 March 2016 (refer note 39).				
Loan facility (ARM Coal – partner loan)				
The following loans are with Glencore Operations South Africa (GOSA) Proprietary Limited and relate to the acquisition and development of the GGV Thermal Coal Mine.				
ARM Coal – GGV acquisition loan (partner loan)	**341**	418	**–**	–
Interest is charged at prime bank overdraft rate.				
The loan is repayable over 20 years as and when positive cash flows are generated with final repayment in 2026.				
ARM Coal – GGV project facility phase 1 loan (partner loan)	**761**	761	**–**	–
The phase 1 project facility bears interest at prime bank overdraft rate after the interest holiday expires in 2014 and is repayable by August 2024 from positive cash flows.				
ARM Coal – GGV project facility phase 2 loan (partner loan)	**192**	196	**–**	–
The phase 2 project facility bears interest at prime bank overdraft rate and is repayable by June 2024 from positive cash flows.				

These are secured by:

- a cession in favour of GOSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint operation;
- a cession in favour of GOSA creating a first ranking security interest over all the preference shares in GOSA held by ARM Coal;
- a cession in favour of GOSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint operation account;
- mortgage bonds to be registered by ARM Coal in favour of GOSA over all immovable property of ARM Coal; and
- notarial bonds to be registered by ARM Coal in favour of GOSA over all movable assets owned by ARM Coal.

16. Long-term borrowings continued

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
Unsecured				
ARM Coal – RBCT phase V (partner loan)	132	153	–	–
This loan is with GOSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable by October 2020 from positive cash flows.				
Total borrowings	2 907	3 482	–	567
Less: repayable within one year included in short-term borrowings (refer note 21)	(487)	(189)	–	(3)
Total SA Rand long-term borrowings	2 420	3 293	–	564
Held as follows:				
– African Rainbow Minerals Limited	–	564	–	564
– ARM Finance Company SA	659	735	–	–
– ARM Coal Proprietary Limited – GGV acquisition loan (partner loan)	257	404	–	–
– ARM Coal Proprietary Limited – GGV project facility phase 1 (partner loan)	682	761	–	–
– ARM Coal Proprietary Limited – GGV project facility phase 2 (partner loan)	165	187	–	–
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	105	140	–	–
– Two Rivers Platinum Proprietary Limited	88	104	–	–
– Vale/ARM joint operation	12	–	–	–
– Vale/ARM joint operation – ZCCM (partner loan)	452	398	–	–
	2 420	3 293	–	564

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

Group	Total borrowings F2014 Rm	Repayable during the year ending 30 June F2015 Rm	F2016 Rm	F2017 Rm	F2018 Rm	F2019 – onwards Rm
Secured loans						
Loan facility Two Rivers – mine housing project	58	17	16	16	9	–
ARM Coal – GGV acquisition loan (partner loan)	341	84	38	117	102	–
ARM Coal – GGV project facility phase 1 loan (partner loan)	761	79	67	134	134	347
ARM Coal – GGV project facility phase 2 loan (partner loan)	192	27	24	24	33	84
Loan facility – ARM Finance Company SA	850	191	287	308	64	–
Loan facility – Vale/ARM joint operation (partner loan)	452	–	151	151	150	–
Finance lease – Vale/ARM joint operation	12	–	12	–	–	–
Finance leases – Two Rivers	109	62	34	13	–	–
Total secured loans	2 775	460	629	763	492	431
Unsecured loans						
ARM Coal – RBCT phase V (partner loan)	132	27	20	27	42	16
Total unsecured loans	132	27	20	27	42	16
Total borrowings at 30 June 2014	2 907	487	649	790	534	447

	F2013	F2014	F2015	F2016	F2017	F2018 – onwards
Total borrowings at 30 June 2013	3 482	189	482	1 081	481	1 249

Notes to the financial statements continued
for the year ended 30 June 2014

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
17. Deferred taxation				
Deferred tax assets				
Provisions	1	2	–	1
Deferred capital gains tax on impairment of listed investment	601	484	601	484
Deferred capital gains tax on revaluation of listed investment	(221)	(159)	(221)	(159)
Deferred tax assets	381	327	380	326
Deferred tax liabilities				
Property, plant and equipment	2 055	1 821	579	423
Intangible assets	46	50	–	–
Provisions	(295)	(233)	(85)	(73)
Inventories	82	34	–	–
Post-retirement healthcare provisions	(23)	(23)	(23)	(23)
Unrealised related party foreign currency	46	31	62	47
Deferred tax liabilities	1 911	1 680	533	374
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	1 680	1 460	374	442
Opening deferred tax assets	(327)	(3)	(326)	–
Net deferred tax liabilities opening balance	1 353	1 457	48	442
Temporary differences from:	177	(104)	105	(394)
Property, plant and equipment	234	426	156	109
Intangible assets	(4)	(3)	–	–
Provisions	(61)	(79)	(11)	(59)
Revaluation of investments – directly in equity	62	–	62	–
Impairment of listed investment	(117)	(484)	(117)	(484)
Inventories	48	12	–	–
Post-retirement healthcare provisions	–	1	–	1
Unrealised related party foreign currency	15	23	15	39
Total deferred tax	1 530	1 353	153	48
Deferred tax liabilities	1 911	1 680	533	374
Deferred tax assets	(381)	(327)	(380)	(326)

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

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

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
18. Long-term provisions				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**218**	218	**22**	25
Provision for the year	**–**	(10)	**11**	(4)
Unwinding discount rate	**9**	4	**2**	1
Realignment of currency	**3**	6	**–**	–
Balance at end of year	**230**	218	**35**	22
Provision for restoration				
Balance at beginning of year	**96**	109	**52**	34
Unwinding of discount rate	**8**	4	**2**	1
Subsidiary sold (refer note 36)	**(16)**	–	**–**	–
Realignment of currency	**2**	2	**–**	–
Provision for the year	**15**	(19)	**(4)**	17
Balance at end of year	**105**	96	**50**	52
Total environmental rehabilitation obligation	**335**	314	**85**	74

The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of approximately 8.1% (F2013: approximately 9.22%), inflation rates of approximately 6.1% in line with the South African Reserve Bank long-term inflation target of between 3% to 8% (F2013: 3% – 8%) and life of mines of between 3 and 25 years (F2013: 3 and 25 years). The US Dollar denominated entity discount rate was 3.3% (F2013: 3.3%) and inflation of 2.1% (F2013: 2.1%) was used. Refer to note 23 for amounts held in trust funds.

These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines.

These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
Post-retirement healthcare benefits				
Balance at beginning of year	**82**	87	**82**	87
Benefits paid	**(7)**	(6)	**(7)**	(6)
Interest cost	**7**	1	**7**	1
Balance at end of year (refer note 41)	**82**	82	**82**	82
Other long-term provisions				
Balance at beginning of year	**164**	155	**18**	8
Change in estimate of variable purchase price for mine properties	**5**	(23)	**–**	–
Payments made during the year	**(7)**	–	**(5)**	–
Transfer to short-term provisions (refer note 20)	**(91)**	(53)	**(17)**	–
Provision for the year	**70**	85	**17**	10
Balance at end of year	**141**	164	**13**	18
Total long-term provisions at end of year	**558**	560	**180**	174

Other long-term provisions include: long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees; compensation for potential loss of future income payable by Two Rivers to Assmang due to Two Rivers having a tailings dam on part of the mining area of Assmang.

Notes to the financial statements continued
for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
19. Trade and other payables				
Trade	**1 144**	1 154	**780**	468
Related parties (refer note 43)	**47**	1	**47**	1
Other	**550**	444	**38**	147
Total trade and other payables	**1 741**	1 599	**865**	616
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
20. Short-term provisions				
Bonus provision				
Balance at beginning of year	**308**	144	**187**	83
Provision for the year	**241**	306	**159**	188
Payments made during the year	**(272)**	(167)	**(206)**	(84)
Transfer from long-term provision (refer note 18)	**19**	21	**17**	–
Realignment of currency	**1**	4	**–**	–
Balance at end of year	**297**	308	**157**	187
Leave pay provision				
Balance at beginning of year	**97**	65	**28**	24
Provision for the year	**27**	41	**9**	8
Payments made during the year	**(15)**	(10)	**(3)**	(4)
Realignment of currency	**1**	1	**–**	–
Balance at end of year	**110**	97	**34**	28
Other provisions				
Balance at beginning of year	**89**	–	**–**	–
Provision for the year	**–**	57	**–**	–
Payments made	**(93)**	–	**–**	–
Realignment of currency	**4**	–	**–**	–
Transfer from long-term provision (refer note 18)	**72**	32	**–**	–
Balance at end of year	**72**	89	**–**	–
Total short-term provisions	**479**	494	**191**	215

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

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

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
21. Overdrafts and short-term borrowings				
Overdrafts	**481**	396	**27**	30
Loans from subsidiaries – non-interest bearing (refer page 249)	**–**	–	**258**	258
Short-term borrowings – partner loans (refer note 43)	**114**	114	**–**	–
Current portion of long-term borrowings (refer note 16)	**487**	189	**–**	3
	1 082	699	**285**	291
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**–**	3	**–**	3
– ARM Mining Consortium Limited	**24**	–	**–**	–
– Anglo Platinum Limited (partner loan)	**114**	114	**–**	–
– ARM Coal Proprietary Limited	**217**	36	**–**	–
– ARM Finance Company SA	**191**	60	**–**	–
– Two Rivers Platinum Proprietary Limited	**379**	443	**–**	–
– Vale/ARM joint operation	**130**	13	**–**	–
– Other	**27**	30	**27**	30
– Loans from subsidiaries	**–**	–	**258**	258
	1 082	699	**285**	291
Overdrafts are held as follows:				
– ARM Mining Consortium Limited	**24**	–	**–**	–
– Two Rivers Platinum Proprietary Limited	**300**	353	**–**	–
– Vale/ARM joint operation	**130**	13	**–**	–
– Other	**27**	30	**27**	30
	481	396	**27**	30
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	**500**	430	**500**	430
– ARM Mining Consortium Limited	**76**	100		
– Two Rivers Platinum Proprietary Limited	**200**	147		
	776	677	**500**	430

All of the above overdraft facilities are reviewed annually. Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates and loans from subsidiaries (which are dormant) are interest free as they are payable on demand.

Notes to the financial statements continued

for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
22. Joint operations				
The share of the following joint operations has been incorporated into the Group results:				
– 51% share in ARM Coal Proprietary Limited which includes the ARM Coal 51% interest in the Goedgevonden joint operation.				
– 50% share in Modikwa joint operation which is held as a 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary.				
– 50% share in Vale/ARM joint operation.				
The Company results include the share of the following unincorporated joint operation:				
– 50% share in the Nkomati Nickel and Chrome Mine.				
The share of joint operations in the financial statements are:				
Income statements				
Sales	**6 307**	4 474	**3 032**	2 244
Cost of sales	**(5 017)**	(3 674)	**(2 110)**	(1 810)
Other operating income	**124**	114	**47**	54
Other operating expenses	**(681)**	(273)	**(343)**	(168)
Income from investments	**25**	17	**15**	9
Finance costs	**(229)**	(108)	**(5)**	(3)
Loss from associate	**(374)**	(14)		–
Exceptional items	**5**	(3)	**(2)**	–
Profit before tax	**160**	533	**634**	326
Taxation	**(269)**	(208)	**(192)**	(94)
(Loss)/profit for the year after taxation	**(109)**	325	**442**	232
Non-controlling interest	**60**	14	**–**	–
Attributable to equity holders of ARM	**(49)**	339	**442**	232
Statements of financial position				
Non-current assets	**10 882**	10 728	**2 007**	2 023
Current assets	**2 924**	2 574	**1 878**	1 259
Non-current liabilities (interest-bearing)	**1 673**	1 890	**–**	–
Non-current liabilities (non-interest-bearing)	**1 544**	1 382	**599**	458
Current liabilities (non-interest-bearing)	**1 473**	1 346	**846**	538
Current liabilities (interest-bearing)	**371**	49	**–**	–
Statements of cash flows				
Net cash inflow from operating activities	**930**	620	**508**	314
Net cash outflow from investing activities	**(959)**	(1 284)	**(164)**	(80)
Net cash outflow from financing activities	**(152)**	(11)	**–**	–

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
23. Environmental rehabilitation trust funds				
Balance at beginning of year	121	106	51	47
Contributions	6	10	–	2
Interest earned	6	5	1	2
Subsidiary sold	(16)	–	–	–
Total (included in cash and cash equivalents) (refer note 13)	117	121	52	51
Total environmental rehabilitation obligations (refer note 18)	335	314	85	74
Less: amounts in trust funds (see above)	(117)	(121)	(52)	(51)
Unfunded portion of liability	218	193	33	23
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R116 million (F2013: R94 million) (refer note 38).				
24. Sales				
Sales – mining and related products	10 004	7 342	3 032	2 244
Made up as follows:				
Local sales	5 103	4 321	–	–
Export sales	3 816	2 952	3 032	2 244
Foreign sales	1 085	69	–	–
	10 004	7 342	3 032	2 244
Revenue	10 863	8 209	5 943	4 662
Sales – mining and related products	10 004	7 342	3 032	2 244
Interest received (refer note 28)	118	67	132	86
Dividends received (refer note 28)	1	64	2 181	1 737
Fees received	589	588	598	595
Property rental income	9	6	–	–
Royalty received	17	12	–	–
Net insurance premiums received	125	130	–	–
25. Cost of sales				
Amortisation and depreciation	940	778	177	252
Staff costs	1 716	1 371	179	217
– salaries and wages	1 489	1 181	165	206
– pension – defined contribution	142	115	14	11
– long service benefits	7	11	–	–
– medical aid	78	64	–	–
Consultants, contractors and other	211	379	18	9
Electricity	411	294	106	95
Inventories written down	5	85	5	–
Raw materials, consumables used and change in inventories	3 377	2 163	1 555	1 168
Railage and road transportation	298	207	–	–
Provisions – long-term	59	72	13	27
– short-term	147	179	56	31
Distribution costs	–	14	–	–
Other costs	367	324	2	12
	7 531	5 866	2 111	1 811

Notes to the financial statements continued

for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
26. Other operating income				
Fees received	**589**	588	**598**	596
Unrealised foreign exchange gains	**61**	84	**61**	142
Realised foreign exchange gains	**73**	40	**40**	35
Commission received	**6**	6	**6**	6
Insurance income received	**125**	130	**–**	–
Insurance income loss of revenue	**–**	4	**–**	–
Rental income from investment property (refer note 4)	**2**	2	**–**	–
Structured investment (refer note 7)	**–**	13	**–**	–
Other	**105**	125	**37**	27
	961	992	**742**	806
27. Other operating expenses				
Auditors Remuneration – Audit fees	**13**	10	**6**	6
– Other	**1**	1	**1**	1
Consulting fees	**31**	37	**31**	37
Exploration*	**81**	88	**81**	88
Depreciation	**9**	30	**8**	7
Distribution cost	**308**	104	**176**	104
Direct operating expenses of investment property	**4**	5	**–**	–
Insurance	**189**	190	**9**	9
Operating lease payments	**4**	3	**–**	–
Rent paid	**2**	6	**8**	12
Mineral royalty tax	**302**	106	**97**	8
Staff cost	**281**	252	**226**	218
– salaries and wages	**266**	237	**213**	203
– pension – defined contribution	**8**	8	**8**	8
– long service rewards	**–**	1	**–**	1
– training	**7**	6	**5**	6
Realised foreign exchange loss	**9**	14	**9**	14
Unrealised foreign exchange loss	**14**	1	**14**	1
Provisions – long-term	**5**	–	**–**	–
– short-term	**121**	170	**112**	165
Secretarial and financial services	**3**	3	**3**	3
Share-based payments expensed	**167**	133	**167**	133
Other	**219**	141	**176**	152
	1 763	1 294	**1 124**	958

** In addition, attributable exploration expenditure amounting to R9 million (F2013: R11 million) is included in income from joint venture.*

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
28. Income from investments				
Dividend income – listed	–	64	–	64
– unlisted (refer note 43)	1	–	2 181	1 673
Interest received – subsidiary companies and joint operations (refer note 43)	–	–	69	66
– environmental trust funds (refer note 23)	6	5	1	2
– short-term bank deposits and other	112	62	62	18
	119	131	2 313	1 823
29. Finance cost				
Interest on finance leases	9	10	–	–
Gross interest paid long- and short-term borrowings and overdrafts	238	197	50	41
Unwinding of discount rate	12	8	3	2
Less: capitalised (refer note 3)	–	(16)	–	–
	259	199	53	43
30. Exceptional items				
Profit/(loss) on sale of property, plant and equipment	6	–	(1)	–
Profit on sale of subsidiary	5	–	1	5
Unrealised impairment of available-for-sale listed investment	(627)	(2 454)	(627)	(2 660)
Scrapping of property, plant and equipment	–	(3)	–	–
Exceptional items per income statement	(616)	(2 457)	(627)	(2 655)
Impairment on property, plant and equipment accounted for directly in associate – ARM Coal	(183)	–	–	–
Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	–	(26)	–	–
Impairment on property, plant and equipment accounted for directly in joint venture – Assmang	(260)	(156)	–	–
Exceptional items before taxation effect	(1 059)	(2 639)	(627)	(2 655)
Taxation accounted for in associate – ARM Coal	51	–	–	–
Taxation accounted for in joint venture – Assmang	73	51	–	–
Taxation on impairment of available-for-sale investment	117	484	117	484
Taxation on other exceptional items	(1)	1	–	–
Total amount adjusted for headline earnings	(819)	(2 103)	(510)	(2 171)

Notes to the financial statements continued

for the year ended 30 June 2014

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
31. Taxation				
South African normal taxation				
– current year	423	247	128	90
– mining	322	126	54	–
– non-mining	101	121	74	90
– prior year	8	(42)	–	(40)
Foreign tax	–	7	–	–
Total current taxation	431	212	128	50
Deferred taxation	115	(296)	43	(394)
Total taxation	546	(84)	171	(344)
Attributable to:				
Profit before exceptional items	662	452	288	140
Exceptional items (refer note 30)	(116)	(536)	(117)	(484)
	546	(84)	171	(344)
Amounts recognised directly in other comprehensive income:				
Unrealised gain on available-for-sale financial asset	62	–	62	–
Unrealised foreign exchange movements on loans to a foreign Group entity	–	14	–	–
	62	14	62	–
Total movement in deferred tax	177	(282)	105	(394)

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

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

31. Taxation continued

	Group		Company	
	F2014 %	Restated F2013 %	**F2014 %**	F2013 %
Reconciliation of rate of taxation:				
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowed expenditure	**5**	5	**12**	(15)
Exempt income	**–**	(1)	**(29)**	82
Capital Gains Tax	**(1)**	12	**(3)**	(44)
Exempt net associate and joint venture income	**(22)**	(50)	**–**	–
Foreign entity loss	**3**	3	**–**	–
Prior year under provision	**–**	(2)	**–**	7
Effective rate of taxation	**13**	(5)	**8**	58
Reconciliation of rate of taxation before exceptional items				
Standard rate of Company taxation				
Adjusted for:	**28**	28	**28**	28
Disallowed expenditure	**5**	3	**4**	4
Exempt income	**–**	–	**(22)**	(23)
Exempt net associate and joint venture income	**(21)**	(21)	**–**	–
Foreign entity loss	**2**	1	**–**	–
Prior year under provision	**–**	(1)	**–**	(2)
Effective rate of taxation	**14**	10	**10**	7
	Rm	Rm	**Rm**	Rm
Profit before taxation and exceptional items per income statement	**4 706**	4 155	**2 799**	2 061
Taxation per income statement	**546**	(84)	**171**	(344)
Taxation on exceptional items (refer note 30)	**116**	485	**117**	484
Tax – excluding tax on exceptional items	**662**	401	**288**	140
	%	%	**%**	%
Percentage on above	**14**	10	**10**	7
	Rm	Rm	**Rm**	Rm
Estimated assessed losses available for reduction of future taxable income	**823**	449	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R823 million (F2013: R449 million) in the Vale/ARM joint operation group.				
Unredeemed capital expenditure available for reduction of future mining income*	**3 570**	3 944	**–**	664

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

The unredeemed capital expenditure in the Vale/ARM joint operation is R2 275 million (F2013: R1 992 million).

The Company had unutilised credits in respect of STC of Rnil at 30 June 2014 (F2013: R993 million).

The post year-end dividend declared will bear withholding tax at 15% (F2013: 15%).

The latest tax assessment for the Company relates to the year ended June 2012.

All returns up to and including June 2012 have been submitted.

Notes to the financial statements continued
for the year ended 30 June 2014

	Group	
	F2014	Restated F2013
32. Calculations per share		
The calculation of basic earnings per share is based on basic earnings of R3 289 million (F2013: R1 634 million) and a weighted average of 216 268 thousand (F2013: 215 357 thousand) shares in issue during the year.		
The calculation of headline earnings per share is based on headline earnings of R4 108 million (F2013: R3 737 million), and a weighted average of 216 268 thousand (F2013: 215 357 thousand) shares in issue during the year.		
The calculation of diluted basic earnings per share is based on basic earnings of R3 289 million (F2013: R1 634 million), with no reconciling items to derive at diluted earnings, and a weighted average of 217 784 thousand (F2013: 216 914 thousand) shares, calculated as follows:		
Weighted average number of shares used in calculating basic earnings per share (thousands)	216 268	215 357
Potential ordinary shares due to share options granted (thousands)	1 516	1 557
Weighted average number of shares used in calculating diluted earnings per share (thousands)	217 784	216 914
The calculation of diluted headline earnings per share is based on headline earnings of R4 108 million (F2013: R3 737 million) with no reconciliation items to derive at diluted headline earnings and a weighted average of 217 784 thousand (F2013: 216 914 thousand) shares.		
The calculation of net asset value per share is based on net assets of R26 688 million (F2013: R24 070 million) and the number of shares at year-end of 216 748 thousand (F2013: 215 625 thousand) shares. The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R2 073 million (F2013: R1 565 million) and the weighted average number of shares in issue of 216 268 thousand (F2013: 215 357 thousand).		
Dividend per share		
After the year-end a dividend of 600 cents per share (F2013: 510 cents per share, F2012: 475 cents per share) was declared and paid which approximates R1 300 million (F2013: R1 100 million, F2012: R1 021 million). This dividend was declared on 4 September 2014 (F2013: 2 September 2013, F2012: 3 September 2012), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2014.		

	Rm	Rm
33. Headline earnings		
Basic earnings attributable to equity holders of ARM	3 289	1 634
– Impairment on property, plant and equipment in associate – ARM Coal	183	–
– Profit on sale of subsidiary	(5)	–
– Unrealised impairment of available-for-sale listed investment	627	2 454
– Impairments of property, plant and equipment joint venture – Assmang	260	156
– Scrapping of property, plant and equipment	–	3
– (Profit)/loss on disposal of property, plant and equipment	(6)	26
	4 348	4 273
– Taxation on impairment of available-for-sale investment	(117)	(484)
– Taxation accounted for directly in associate and joint venture	(124)	(51)
– Taxation on other exceptional items	1	(1)
Headline earnings	4 108	3 737

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
34. Reconciliation of net profit before tax to cash generated from operations				
Profit from operations before exceptional items	1 671	1 174	539	282
Loss from associate	(374)	(14)	–	–
Income from joint venture	3 549	3 063	–	–
Exceptional items	(616)	(2 457)	(627)	(2 655)
Profit from operations after exceptional items	4 230	1 766	(88)	(2 373)
Adjusted for:	(1 198)	789	1 126	3 135
– Amortisation and depreciation of property, plant and equipment	949	808	185	259
– Long and short-term provisions	332	416	181	223
– Impairment of listed investment	627	2 454	627	2 660
– Impairment of property, plant and equipment	–	3	–	–
– Inventory written off	5	85	5	–
– Profit on disposal of property, plant and equipment	(6)	–	1	–
– Profit on disposal of investment	(5)	–	(1)	(5)
– Unrealised foreign exchange gains	(47)	(84)	(47)	(141)
– Loss from associate	374	14	–	–
– Income from joint venture	(3 549)	(3 063)	–	–
– Share based payments expense	167	133	167	133
– Structured investment	(2)	(13)	–	–
– Other non-cash flow items	(43)	36	8	6
Cash from operations before working capital changes	3 032	2 555	1 038	762
Decrease/(increase) in inventories	179	(620)	(56)	(157)
Increase in receivables	(978)	(635)	(672)	(331)
(Decrease)/increase in payables and provisions	(160)	265	77	71
Cash generated from operations	2 073	1 565	387	345
35. Taxation paid				
Balance at beginning of year	29	109	50	134
Current taxation as per income statement (refer note 31)	431	212	128	50
Normal tax	431	212	128	50
Other	(2)	(6)	–	–
Balance at end of year	(63)	(29)	(66)	(50)
Tax payable	(68)	(51)	(66)	(50)
Tax receivable	5	22	–	–
Taxation paid	395	286	112	134
36. Sale of shares of subsidiary				
Shares in a subsidiary were sold for R1 million.				
Assets and liabilities sold				
Cash and cash equivalents (refer statements of cash flows)	16	–	–	–
Liabilities (refer note 18)	(16)	–	–	–
General reserve (refer statement of changes in equity – Group)	(4)	–	–	–
Profit on disposal (refer note 30)	5	–	1	–
Net proceeds (refer statements of cash flows)	1	–	1	–

Notes to the financial statements continued

for the year ended 30 June 2014

37. Financial instruments and risk management

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

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

The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks (refer note 37 j for sensitivity analysis).

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

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

The use of these derivative instruments is considered when appropriate.

Below is a summary of amounts included in the statement of financial positions denominated in a foreign currency.

	Foreign currency amount	Year-end exchange rate
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2014	US$132 million	10.63
30 June 2013*	US$62 million	9.93
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2014	US$14 million	10.63
30 June 2013*	US$9 million	9.93
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2014	US$13 million	10.63
30 June 2013*	US$38 million	9.93
Foreign currency denominated items included in long-term borrowings:		
30 June 2014	US$104 million	10.63
30 June 2013*	US$114 million	9.93
Foreign currency denominated items included in overdrafts and short-term borrowings:		
30 June 2014	US$30 million	10.63
30 June 2013*	US$7 million	9.93

* *Restated.*

Foreign currency contract

The fair value movement to close the open effective FECs at year-end was reported in the statement of comprehensive income resulting in R31 million (F2013: R32 million loss) being recorded, at Group level, for the share of the cashflow hedge reserve in the PCB. In the previous year under review Glencore took out a number of foreign exchange contracts (FECs) whereby US Dollar revenue was hedged to a maximum of the forecast net local South African Rand operating costs of the Participating Coal Business (PCB) for a period of 12 months forward.

37. Financial instruments and risk management continued

b. Liquidity risk management

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

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

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2014 and 2013 based on undiscounted cash flows.

	Group F2014			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer notes 16 and 21)	487	1 973	447	2 907
Trade and other payables (refer note 19)	1 741	–	–	1 741
Overdrafts and short-term borrowings (refer note 21)	595	–	–	595
Total	2 823	1 973	447	5 243

	Group F2013 restated			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer notes 16 and 21)	189	2 044	1 249	3 482
Trade and other payables (refer note 19)	1 599	–	–	1 599
Overdrafts and short-term borrowings (refer note 21)	510	–	–	510
Total	2 298	2 044	1 249	5 591

	Group	
	F2014 Rm	Restated F2013 Rm
Overdrafts and short-term borrowings held as follows:		
ABSA Bank Limited	253	293
Nedbank Limited	150	150
The Standard Bank of South Africa Limited	–	16
Other	348	90
Partner loans short-term	114	114
Partner loans long-term (included in R487 million, F2013: R189 million transfer to short-term)	217	36
	1 082	699

Notes to the financial statements continued
for the year ended 30 June 2014

37. Financial instruments and risk management continued

c. Credit risk

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

The maximum exposure is the carrying amounts disclosed in note 12.

Major trade receivables include Impala Platinum R1 063 million (F2013: R803 million), Rustenburg Platinum Mines R394 million (F2013: R386 million) and Norilsk Nickel R1 085 million (F2013: R604 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 13.

The available-for-sale financial assets (which is the Harmony investment) exposure is the carrying value of these assets as per note 10.

	Group	
	F2014	Restated F2013
Cash and cash equivalents are held at the following financial institutions:		
ABSA Bank Limited	**387**	516
Barclays Private Clients International	**148**	492
Investec Limited	**63**	50
First Rand Limited	**182**	192
Lloyds Bank Plc	**200**	–
Nedbank Limited	**175**	208
Rand Merchant Bank	**73**	–
Stanlib Collective Investments Limited	**399**	307
Standard Chartered	**200**	–
The Standard Bank of South Africa Limited	**166**	87
Other	**157**	113
	2 150	1 965

d. Treasury risk management

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

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

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

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

e. Commodity price risk

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

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

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 12) amounts to R2 542 million (F2013: R1 793 million). Refer to the sensitivity calculations which follow note j below on page 240.

37. Financial instruments and risk management continued

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (refer to note 37 j for sensitivity analysis).

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

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

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

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

The table quantifies the interest rate risk.

		Book value at year-end Rm	Maturity date	Effective interest rate
Financial assets				
Year ended 30 June 2014				
Cash – financial institutions	US$15 million	**155**	**Overnight**	**0 – 2%**
– financial institutions		**1 335**	**call deposit**	**0 – 6%**
– fixed		**660**	**July-15**	**4 – 7%**
		2 150		
Year ended 30 June 2013 restated				
Cash – financial institutions	US$9 million	88	Overnight	0 – 2%
– financial institutions		1 189	call deposit	2 – 7%
– fixed		688	July-13	4 – 7%
		1 965		

Financial liabilities	Book value at year-end Rm	Maturity date	Year-end rate
Year ended 30 June 2014			
Long-term borrowings			
Leases	**109**	**2016**	**7% linked to JIBAR**
Leases	**12**	**2015**	**8% to 15%**
Loan facility (Two Rivers – mine housing project)	**58**	**2017**	**5.6% linked to JIBAR**
Loan facility (ARM Finance Company SA)	**850**	**2018**	**LIBOR plus 3.65%**
Loan facility (Vale/ARM joint operation) (partner loan)	**452**	**2017**	**Libor plus 5%**
ARM Coal – RBCT phase V (partner loan)	**132**	**2021**	**Prime plus 0.5%**
ARM Coal – GGV acquisition loan (partner loan)	**341**	**2026**	**Prime**
ARM Coal – GGV project facility phase 1 loan (partner loan)	**761**	**2024**	**Interest-free till 2014 therafter prime**
ARM Coal – GGV project facility phase 2 loan (partner loan)	**192**	**2024**	**Prime**
	2 907		
Less: transferred to short-term	**(487)**		
Total	**2 420**		

Notes to the financial statements continued

for the year ended 30 June 2014

37. Financial instruments and risk management continued

f. **Interest rate risk** continued

Summary of variable and fixed rates

	Total Rm	Transfer to short-term Rm	Long-term Rm	
Variable rates	**2 907**	**487**	**2 420**	
Fixed rates	**–**	**–**	**–**	
Total	**2 907**	**487**	**2 420**	
Year ended 30 June 2013 restated				
Long-term borrowings				
Leases	119		2016	7% linked to JIBAR
Loan facility (Two Rivers – mine housing project)	75		2017	5.6% linked to JIBAR
Loan facility (ARM Corporate)	567		2015	7.35%
Loan facility (ARM Finance Company SA)	795		2018	LIBOR plus 3.65%
Loan facility (Vale/ARM joint operation)	398		2018	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)	153		2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	418		2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan)	761		2024	Interest-free till 2014 therafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan)	196		2025	Prime
	3 482			
Less: transferred to short-term	(189)			
Total	3 293			

Summary of variable and fixed rates

	Total Rm	Transfer to short-term Rm	Long-term Rm	
Variable rates	3 482	189	3 293	
Fixed rates	–	–	–	
Total	3 482	189	3 293	

Short-term financial liabilities

	Book value at year-end	Repricing date	Maturity date	
Year ended 30 June 2014				
– Financial institutions	**751**	**30/06/2014**	**30/06/2014**	**Variable rate between 5% and 7%**
– Anglo American Platinum (partner loan)	**114**			**No interest**
– ARM Coal (partner loan)	**217**			**Variable rate between 0% and prime plus 0.5%**
Total	**1 082**			
Year ended 30 June 2013 restated				
– Financial institutions	585	30/06/2013	30/06/2013	Variable rate between 5% and 7%
– Anglo American Platinum (partner loan)	114			No interest
Total	699			

37. Financial instruments and risk management continued

g. Fair value risk

Except for interest-free loans given by the Company to its subsidiaries, the carrying amounts of trade receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used.
Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2 – A technique where all inputs that have an impact on the value are observable, either directly or indirectly.
Level 3 – A technique where all inputs that have an impact on the value are not observable.

Financial instruments by categories

		Group F2014				Company F2014			
Category	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm	At fair value though profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	11	1 982	1 993	1 993	–	1 982	1 982	1 982
Trade and other receivables*	2	2 542	–	2 542	2 542	1 085	–	1 085	1 085

		Group F2013 restated				Company F2013			
Category	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm	At fair value though profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	10	2 275	2 285	2 285	–	2 275	2 275	2 275
Trade and other receivables*	2	1 793	–	1 793	1 793	604	–	604	604

** For inputs used refer note 37 j.*

Notes to the financial statements continued
for the year ended 30 June 2014

37. Financial instruments and risk management continued

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

i. Capital risk management
The management and maintenance of capital in ARM is a central focus of the Board and senior management especially as ARM has a declared policy of growth. The ability to continue as a going concern and to safeguard assets while optimally funding expansion is continually monitored.

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

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

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

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

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

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

It is relevant to note that the accounts receivable balance in (e) above of R2 542 million (F2013: R1 793 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R10.63 (F2013: R9.93), (ii) platinum price of $1 486/oz (F2013: $1 342/oz), (iii) palladium price of $843/oz (F2013: $658/oz), rhodium of $1 115/oz (F2013: $1 000/oz), a nickel price of $19 070/tonne (F2013: $13 710/tonne) and copper price of $7 014/tonne (F2013: $7 004/tonne).

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

	Group	
	F2014 Rm	Restated F2013 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**195**	180
The price of nickel increases by 10%	**117**	61
The price of PGM increases by 10%	**138**	120
The interest rate increases by 1%	**(19)**	1
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(195)**	(180)
The price of nickel decreases by 10%	**(117)**	(61)
The price of PGM decreases by 10%	**(138)**	(120)
The interest rate decreases by 1%	**19**	(1)

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

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

38. Commitments and contingent liabilities

	Group F2014 Rm	Group Restated F2013 Rm	Company F2014 Rm	Company F2013 Rm
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	359	425	–	36
– not contracted for	7	120	7	120
Total commitments	366	545	7	156
Commitments allocated as follows:				
ARM Mining Consortium Limited	192	59	–	–
ARM Coal Proprietary Limited	55	13	–	–
Nkomati	7	156	7	156
Two Rivers Platinum Proprietary Limited	39	3	–	–
Vale/ARM joint operation	73	314	–	–
	366	545	7	156

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

Disputes

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

Assmang Proprietary Limited (Assmang) has instituted review proceedings against the DMR and Razita Mining Resources Proprietary Limited (Razita) requesting the court to review and set aside the DMR's decision to grant a prospecting right to Razita over an area that overlaps with Assmang's Beeshoek mining area. It is expected that the review application will be set down for hearing in the first quarter of 2015.

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2013: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2014 were Rnil (F2013: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R116 million (F2013: R94 million).

Guarantees to Eskom amounting to R39 million (F2013: R39 million).

Notes to the financial statements continued
for the year ended 30 June 2014

39. Leases

	Group F2014 Rm		Group Restated F2013 Rm	
Finance Leases (refer note 3)	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	**77**	**70**	81	76
After one year but not more than five years	**54**	**51**	47	45
Total minimum lease payments	**131**	**121**	128	121
Less: Amounts representing finance charges	**(10)**	**–**	(7)	–
Present value of minimum lease payments	**121**	**121**	121	121
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 4)				
Within one year	**1**		1	
After one year but not more than five years	**1**		5	
Total minimum lease payments	**1**		6	

	Group F2014 Rm	Group Restated F2013 Rm
Operating leases – Group as lessee		
This is in respect of office building rentals paid		
Straight-lined and cash flows		
Within one year	**2**	1
After one year but not more than five years	**3**	1
Total	**5**	2

40. Retirement plans

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

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

Members contribute between 5.0% and 7.5% and employers between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R150 million (F2013: R123 million).

41. Post-retirement healthcare benefits

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

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
The post-retirement healthcare benefits are provided for in the following entity.				
African Rainbow Minerals Limited	**82**	82	**82**	82
	82	82	**82**	82

The liability is assessed periodically by an independent actuary. The assumptions used for African Rainbow Minerals Limited are as follows:

- A real discount rate of 2% per annum.
- An increase in healthcare costs at a rate of between 7% and 9% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of plus 8.6% or less 7.5% (F2013: plus 9.1% or less 7.9%) on the liability.
- The average expected working lifetime of eligible members was six years (F2013: six years) at the date of the valuation in 2014.

The provisions raised in respect of post-retirement healthcare benefits amounted to R82 million (F2013: R82 million) at the end of the year. For movements refer note 18.

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

An actuarial valuation is carried out in respect of this liability at three-yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2014 and the next one will be in F2017.

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

Notes to the financial statements continued

for the year ended 30 June 2014

42. Share-based payment plans

Equity-settled plan

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

Share options

The Company grants share options to certain employees under a share incentive scheme. The exercise price of the options is equal to the market price of the shares on the date of the grant. Before July 2008 the options start to vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes are subject to continued employment.

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

	F2014 Share options	F2013 Share options	F2014 Average price cents	F2013 Average price cents
Outstanding at beginning of year	2 933 275	3 168 450	12 414	10 585
Granted during the year	331 497	368 834	20 040	16 856
Forfeited during the year	(138 862)	(31 416)	10 443	17 526
Exercised during the year	(862 118)	(572 593)	8 836	3 620
Outstanding at end of year	2 263 792	2 933 275	15 017	12 414
Exercisable at end of year	1 275 287	2 084 932		
Range of strike prices of options exercised (cents)			5 to 17 849	5 to 17 849
Range of strike prices of outstanding options (cents)			7 300 to 27 950	3 700 to 27 950

Bonus shares method

Annually, eligible employees receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares will be settled to participants after three or four years, conditional on continued employment. The bonus share method of the plan provides an additional element of share-based retention to executives and senior management who through their performance, on an annual basis, have demonstrated their value to the Company, and by further encouraging executives and senior management to build up a shareholding in ARM.

	F2014 Bonus shares	F2013 Bonus shares
Outstanding at beginning of year	619 345	413 700
Granted during the year	334 579	233 265
Forfeited during the year	(983)	(14 467)
Shares vested	(127 830)	–
Shares vested*	–	(13 153)
Outstanding at end of year	825 111	619 345

** This represents shares that vested during the period as a result of no-fault terminations.*

Performance shares method

Annual conditional awards of full value shares are made to eligible employees. Performance shares vest after a three or four-year period subject to continued employment and the Company's achievement against a weighted combination of challenging performance measures over this period, selected from:

- comparative total shareholder return in relation to a peer group;
- return on capital employed against a prescribed target; and
- growth in headline earnings per share in relation to an inflation index.

The selection of performance metrics has been made on the basis that, individually or in combination, they clearly foster the creation of shareholder value.

The performance share method closely aligns the interest of shareholders, executives and senior management by rewarding superior shareholder and financial performance in the future, and by encouraging executives and senior management to build up a shareholding in ARM.

42. Share-based payment plans continued

	F2014 Performance shares	F2013 Performance shares
Outstanding at beginning of year	**808 152**	606 639
Awarded during the year	**374 198**	345 754
Additional award based on achievements above set performance criteria	**–**	75 121
Additional award settled (see above)	**–**	(75 121)
Forfeited during the year	**(12 838)**	(30 138)
Shares vested	**(125 430)**	(111 543)
Shares vested*	**–**	(2 560)
Outstanding at end of year	**1 044 082**	808 152

** This represents shares that vested during the period as a result of no-fault terminations.*

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuer that used the Cox-Rox Rubinstein binomial tree model taking into account the terms and conditions upon which the options were granted. The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2014 and 30 June 2013.

	F2014	F2013
Dividend yield %	**2.42**	2.64
Expected volatility %	**31.58**	31.62
Risk-free interest rate %	**7.96**	6.93
Expected life of options (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**19 307**	17 633
Fair value of options issued during the year (R million)	**24**	23
Fair value of options per option issued during the year (cents) – Oct – 3 year vesting period	**7 401**	6 218
Fair value of options per option issued during the year (cents) – Oct – 4 year vesting period	**7 360**	6 178
Fair value of options per option issued during the year (cents) – May – 3 year vesting period	**6 716**	–
Fair value of options per option issued during the year (cents) – April – 3 year vesting period	**–**	12 851
The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement for Group and Company was a charge of (R million)	**167**	133

Notes to the financial statements continued

for the year ended 30 June 2014

43. Related party transactions

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations that indicates the relationship and degree of control exercised by the Company, appears on pages 248 to 250.

Transactions between the Company, its subsidiaries, associated companies, joint ventures and joint operations relate to fees, insurances, dividends, rents and interest and are regarded as intra-Group transactions and eliminated on consolidation.

	Group		Company	
	F2014 Rm	Restated F2013 Rm	F2014 Rm	F2013 Rm
Amounts accounted in the income statement relating to transactions with related parties				
Joint Venture				
Assmang Proprietary Limited				
– Provision of services	**576**	578	**576**	578
– Dividends received	**1 750**	1 500	**1 750**	1 500
Joint Operation				
ARM Coal Proprietary Limited				
– Interest received			**18**	22
– Dividend received			**142**	173
Vale/ARM joint operation – interest			**47**	37
Subsidiaries				
Venture Building Trust Proprietary Limited – Interest received			**4**	4
Two Rivers Platinum Proprietary Limited				
– Dividend received			**289**	–
– Interest received			**–**	3
– Provision of services			**2**	2
Amounts outstanding at year-end (owing to)/receivable by ARM on current account				
Joint Venture				
Assmang – debtor	**116**	72	**116**	72
Joint Operations				
Anglo Platinum – debtor	**394**	386	**–**	–
Norilsk Nickel – creditor	**(47)**	(1)	**(47)**	(1)
Norilsk Nickel – debtor	**1 085**	604	**1 085**	604
Anglo Platinum – short-term borrowing	**(114)**	(114)	**–**	–
Vale/ARM – ZCCM – long-term borrowing	**(452)**	(398)	**–**	–
Glencore Operations SA – long-term borrowing	**(1 209)**	(1 492)	**–**	–
Glencore Operations SA – short-term borrowing	**(217)**	(36)	**–**	–
Subsidiary				
Impala Platinum – debtor	**1 063**	803	**–**	–
Key management personnel: Senior management compensation				
Salary	**14**	19	**14**	19
Accrued bonuses	**8**	16	**8**	16
Pension scheme contributions	**1**	2	**1**	2
Reimbursive allowances	**1**	2	**1**	2
Total	**24**	39	**24**	39

43. Related party transactions continued

Share options	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2012	344 907	12 271	
Exercised during the year	(26 150)	6 085	17 868
Granted during the year	58 201	16 837	
Held on 1 July 2013	376 958	13 499	
Exercised during the year	(35 642)	13 565	19 746
Granted during the year	35 815	20 075	
Staff movements	(100 461)	15 039	
Held on 30 June 2014	276 670	13 784	

Bonus and performance shares	Number of bonus shares	Number of performance shares
Held on 1 July 2012	68 282	105 439
Granted/awarded during the year	47 507	69 919
Additional performance shares awarded based on achievements above set performance criteria	–	11 544
Settled during the year	(1 946)	(40 394)
Held on 30 June 2013	113 843	146 508
Granted/awarded during the year	44 920	49 590
Additional performance shares awarded based on achievements above set performance criteria	–	2 393
Settled during the year	(10 920)	(17 214)
Staff movements	(44 626)	(42 139)
Held on 30 June 2014	103 217	139 138

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

Shareholders

The principal shareholders of the Company are detailed in the Shareholder Analysis report on page 260.

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

	Group		Company	
	F2014 Rm	F2013 Rm	F2014 Rm	F2013 Rm
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	**1**	1	**1**	1

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

44. Events after reporting date

Please refer to events after reporting date included on page 170 of the Director's report.

45. Major shareholders and shareholder spread

Please refer to major shereholders at 30 June 2014 on page 260 of the Investor Relations report and shareholder spread at 30 June 2014 on page 259 of the Investor Relations report.