

## CLARIFICATION OF JULY 9<sup>TH</sup> BUSINESS DAILY ARTICLE

The Auditors have not said that ARM is misrepresenting the financial statements and concealing its debt. The fact is that this is a debt which the subsidiary owes the parent company and forms a part of the overall debt of the company. The Overall debt of the company would not increase even if this debt was written off. There is therefore no misstatement of the overall debt position by the company.

The company has not provided for the impairment of this investment is an observation with a clear statement in Auditors opinion that even if the company had provided for this impairment there would have been no effect on the Groups loss for last year.

The comments have made with a view to providing full complete and transparent information to the shareholders and stakeholders and would not have any material impact on the overall borrowings or the Groups loss for the year.

The auditors confirm that they have received full and complete information with respect to the accounts and the management has provided all detailed information as requested by the Auditors. Therefore it would be misleading to say that the Auditors have not been provided adequate information about the financial health of the company.

Auditors have been very specific in their report that Auditors have not received specific information with regards the restructure of the existing ARM debt which would enable the auditors to form an opinion on that the Company would continue as a going concern. This should not be misinterpreted as the company has not given full and complete financial information for the period in review.

The Auditors have not given at any point an opinion that the assets have been overstated in Tanzania. The investment in Tanzania has been correctly and accurately recorded. The only opinion Auditors had given was given that given the low level of production in Tanzanian the company can consider making a provision to account for the low production, which can be added back if the company restructures and gets the plants operating to a reasonable level of production.

The Auditors opinion was given at the time of Audit and was available to all shareholders well in advance of the Annual General Body meeting. The Auditors opinion was not given out after the Company put out the press release as was construed in this article.

The Auditors have only not formed an opinion on the going concern where the company did provide information that the restructure of its balance sheet was in progress but not formally concluded. Since the restructure was not formally concluded the Auditors have said that they have not been able to form an opinion. If the restructure process was NOT in progress then the Auditors would have made a clear statement that the company will not be a going concern over the next 12 months. It is because the auditors have seen significant progress on the restructure but the process has yet to be concluded that the Auditors have added a disclaimer to the going concern opinion

Trust the above clarifies the correct position on ARM accounts and audited financial statements.

