

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2007 as set out on pages 44 to 93 were approved by the board of directors on 29 August 2007 and signed on its behalf by:



Desmond Sacco
Chairman



C J Cory
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

We certify that the requirements as stated in section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.



African Mining and Trust Company Limited
Secretaries

per: C D Stemmett

29 August 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSORE LIMITED

Report on the annual financial statements

We have audited the annual financial statements of Assore Limited and group annual financial statements, which comprise the directors' report, the balance sheets as at 30 June 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 93.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as at 30 June 2007, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc
Registered Auditor

Johannesburg
29 August 2007

DIRECTORS' REPORT

NATURE OF BUSINESS

Assore Limited, which was incorporated in 1950, is a mining holding company principally engaged in ventures involving base minerals and metals. The company's shares are listed on the JSE Limited (the JSE) under "Assore" in the general mining sector and its ultimate holding company is Oresteel Investments (Proprietary) Limited.

The group's principal investment is a 50% (2006: 50%) interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). Assmang is involved in the mining of manganese, iron and chrome ores and the production of manganese and chrome alloys. In addition, the group mines chrome ore and Wonderstone (a type of pyrophyllite) for its own account and produces a range of ceramic and abrasive products for use in specialised industrial applications.

The group is responsible for marketing all products produced by its joint venture entities and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the review of operations (refer to pages 16 to 19).

FINANCIAL RESULTS

The financial position of the group and company and their results for the year ended 30 June 2007 are set out in the annual financial statements of the group (refer page 41) and company (refer page 85) included in this report (the financial statements). The results of the group for the year are summarised below:

	Year ended 30 June	
	2007 R'000	2006 R'000
Turnover	4 293 036	3 382 587
Profit for the year	803 355	479 822
Attributable to:		
Shareholders of the holding company	774 704	457 384
Minority shareholders	28 651	22 438
As above	803 355	479 822
Profit attributable to shareholders of the holding company as above	774 704	457 384
Less: Dividends relating to the group's activities for the year under review (refer dividends below)	94 584	64 400
Interim dividend No. 100 of 150 cents per share (2006: No. 98 of 80 cents)	42 000	22 400
Final dividend No. 101 of 200 cents per share (2006: No. 99 of 150 cents)	56 000	42 000
Less: Attributable to treasury shares	(3 416)	–
Retained profit for the year	680 120	392 984
The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:		
Jointly controlled entity – 50% (2006: 50%) share		
– Profit for the year	534 748	211 412
Subsidiary companies		
– Profit	98 549	80 904
– Losses	15 862	22 895

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the financial statements and related financial information included in this report. The external auditors, Ernst & Young Inc, whose report appears on page 43, are responsible for expressing an opinion on the financial statements based on their audit.

The financial statements included in this report are based on judgements and estimates which are intended to be both reasonable and prudent and have been prepared by management in accordance with International Financial Reporting Statements (IFRS) based on appropriate accounting policies which, unless otherwise indicated, have been applied consistently with the previous year.

The financial statements have been prepared on a going-concern basis and the directors have no reason to believe that any of the businesses in the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the carrying amount of all assets included on the balance sheet is reasonably stated.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through their duly appointed Audit Committee, that management maintains adequate accounting records and systems of internal control which are developed and reviewed for effectiveness on an ongoing basis. The systems of internal control are based on established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of financial information.

JOINTLY CONTROLLED ENTITY

The group owns 50% (2006: 50%) of the ordinary share capital of Assmang. The results of Assmang are accounted for by Assore using the proportionate consolidation method and set out below are extracts from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2007.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2007 and dividends declared during that period.

Abridged consolidated income statement of Assmang

	Year ended 30 June	
	2007 R'000	2006 R'000
Turnover	6 127 430	4 357 697
Profit before taxation and State's share of profit	1 971 824	1 028 779
Taxation and State's share of profit	639 660	362 143
Profit for the year	1 332 164	666 636
Dividends declared during the year	230 634	191 603
Retained profit for the year	1 101 530	475 033
Earnings per share (rands)		
– attributable	375,45	187,88
– headline	375,10	186,30
Dividends paid per share (rands)		
– final	30,00	34,00
– interim	35,00	20,00
	65,00	54,00

JOINTLY CONTROLLED ENTITY (continued)

Abridged consolidated balance sheet of Assmang

	At 30 June	
	2007 R'000	2006 R'000
Assets		
Non-current assets	4 905 627	3 094 428
Current assets	2 891 045	2 390 481
Total assets	7 796 672	5 484 909
Equity and liabilities		
Total equity	4 915 285	3 813 753
Non-current liabilities	1 144 982	968 971
Current liabilities		
– interest-bearing	605 695	91 900
– non-interest-bearing	1 130 710	610 285
Total equity and liabilities	7 796 672	5 484 909
Number of ordinary shares in issue (thousands)	3 548	3 548
Capital expenditure (R m)	2 231	705
Capital commitments (R m)	5 177	4 152

DIVIDENDS

In accordance with the group's accounting policy for dividends, only dividends which are declared during the financial year are included for in the financial statements and are summarised as follows:

	2007 R'000	2006 R'000
Final dividend No. 99 of 150 cents (2006: No. 97 of 150 cents) per share declared on 30 August 2006	42 000	42 000
Interim dividend No. 100 of 150 cents (2006: No. 98 of 80 cents) per share declared on 19 February 2007	42 000	22 400
Less: Dividends attributable to treasury shares	(2 928)	–
	81 072	64 400

Subsequent to year-end an increased final dividend of 200 cents per share was declared payable to shareholders on 25 September 2007. The dividends which relate to the group's activities for the year under review can therefore be summarised as follows:

	2007 R'000	2006 R'000
Interim dividend No. 100 of 150 cents per share declared on 19 February 2007	42 000	22 400
Final dividend No. 101 of 200 cents per share declared on 29 August 2007	56 000	42 000
Less: Dividends attributable to treasury shares	(3 416)	–
	94 584	64 400

DIRECTORATE AND SECRETARY

The names of the directors at the date of this report and the name of the company secretary, including its business and postal addresses, are set out on page 40 of this report.

There were no changes to the board in the year under review and on 1 July 2007, Mr P E Sacco was appointed as alternate director to Mr Desmond Sacco.

In terms of the company's Articles of Association, Messrs R J Carpenter, C J Cory and P N Boynton are required to retire by rotation at the forthcoming Annual General Meeting. All of the abovementioned directors, being eligible, offer themselves for re-election.

DIRECTORS' EMOLUMENTS

Emoluments paid to directors for the year under review are summarised as follows:

	Directors' fees (refer note 1) R'000	Salary R'000	Bonuses (refer note 2) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 4) R'000	Total R'000
2007						
Executive						
Desmond Sacco (Chairman)	110	3 035	1 853	–	390	5 388
R J Carpenter (Deputy Chairman)	96	2 885	5 769	655	219	9 624
C J Cory (Chief Executive Officer)	96	2 634	5 702	600	228	9 260
P C Crous (Technical and operations)	96	2 254	5 601	525	204	8 680
Non-executive						
P N Boynton*	60					60
B M Hawksworth	120					120
M C Ramaphosa*	100					100
J C van der Horst	100					100
Alternate						
J W Lewis	–	1 054	1 572	244	254	3 124
R Smith	–	–	–	–	–	–
	778	11 862	20 497	2 024	1 295	36 456
2006						
Executive						
Desmond Sacco (Chairman)	110	2 710	1 892	–	372	5 084
R J Carpenter (Deputy Chairman)	96	2 576	3 268	585	175	6 700
C J Cory (Chief Executive Officer)	96	2 352	3 172	535	217	6 372
P C Crous (Technical and operations)	96	1 960	3 004	459	205	5 724
Non-executive						
P N Boynton*	60					60
B M Hawksworth	120					120
M C Ramaphosa*	–					–
J C van der Horst	100					100
Alternate						
J W Lewis	–	941	1 235	219	227	2 622
R Smith	–	–	–	–	–	–
	678	10 539	12 571	1 798	1 196	26 782

* Fees paid to employer

DIRECTORS' REPORT (continued)

DIRECTORS' EMOLUMENTS (continued)**Notes**

1. Directors' fees paid to executive directors include directors' fees paid by jointly controlled entity Assmang.
2. Due to the shareholding structure, the company is unable to offer directors remuneration by way of share incentive or option arrangements and bonuses are determined based on results for the year and progress in the achievement of long and medium term strategic objectives.
3. Directors owning shares in the group do so in their own right and their interests are set out under interests in shares of the company below.
4. Other fringe benefits comprise medical aid contributions, car scheme allowances, life insurance contributions, leave paid out and study loan benefits.

INTERESTS IN SHARES OF THE COMPANY

None of the directors or their immediate families hold any options to acquire shares in the company nor are they entitled to any gains by way of commissions, profit sharing arrangements or contracts entered into with group companies.

Interests of the directors in the ordinary shares of the company at 29 June 2007 were as follows, and the company is unaware of any material change in these interests between year-end and the date of this report.

	Direct beneficial Number of shares		Indirect beneficial Number of shares		Non-beneficial Number of shares	
	2007	2006	2007	2006	2007	2006
Executive directors						
Desmond Sacco	65 000	65 000	6 486 098	6 486 098	8 000	8 000
R J Carpenter	22 400	22 400	–	–	8 000	8 000
C J Cory	10 000	10 000	–	–	8 000	8 000
P C Crous	3 000	3 000	–	–	8 000	8 000
Non-executive directors						
P N Boynton	–	–	–	–	8 000	8 000
B M Hawksworth	–	–	–	–	–	–
M C Ramaphosa	–	–	1 106 000	1 106 000	–	–
Dr J C van der Horst	–	–	–	–	–	–
Alternate directors						
J W Lewis	2 500	2 500	–	–	–	–
R Smith	–	–	–	–	–	–
	102 900	102 900	7 592 098	7 592 098	40 000	40 000

EVENTS SUBSEQUENT TO YEAR-END

On 29 August 2007, the board declared a final dividend of 200 cents per share, which will be paid to shareholders on 25 September 2007.

HOLDING COMPANY

The company's holding company is Oresteel Investments (Proprietary) Limited.

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders, has been established in accordance with the JSE Listings Requirements, based on an examination of the company's share register at 29 June 2007. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2007 %	2006 %
Shareholder spread		
Shares held by the public/non-public		
Non-public*		
– Holders in excess of 10% of the share capital	80,64	80,78
– Directors of the company	0,37	0,37
	81,01	81,15
Public (374 shareholders 2006: 334)	18 99	18,85
	100,00	100,00
* As defined by Rule 4.25 of the JSE Listings Requirements		
Major shareholders		
Oresteel Investments (Proprietary) Limited	52,28	52,28
Old Mutual Life Assurance Company (South Africa) Limited	16,60	16,88
Main Street 343 (Proprietary) Limited (a wholly owned subsidiary of Shanduka Resources (Proprietary) Limited)	11,76	11,76
	80,64	80,92
Others – less than 5%	19,36	19,08
	100,00	100,00

Johannesburg
29 August 2007