CONSOLIDATED FINANCIAL STATEMENTS CONTENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2008 as set out on pages to were approved by the board of directors on 27 August 2008 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

27 August 2008

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 2008, 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 t to t.

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 2008, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Subsequent to the year-end we were informed by management that they had declared certain trades by the company in Assore Limited shares to the Directorate of Market Abuse of the Financial Services Board which were in contravention of the Security Services Act, Act 36 of 2004, as more fully described on page of the directors' report.

In accordance with our responsibilities in terms of section 44(2) and 44(3) of the Auditing Profession Act we were obliged to report the matter as a reportable irregularity to the Independent Regulatory Board for Auditors. We have subsequently issued a further report to the Independent Regulatory Board for Auditors that in our opinion the reportable irregularity is no longer taking place.

Ernst & Young Inc.
Registered Auditor

Johannesburg
27 August 2008

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% (2007: 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, through its wholly owned subsidiary, Ore & Metal Company Limited, 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 to).

FINANCIAL RESULTS

The financial position of the group and company and their results for the year ended 30 June 2008 are set out in the annual financial statements of the group (refer page) and company (refer page) included in this report (the financial statements). The results of the group for the year are summarised below:

	Year ended 30 June	
	2008 R'000	2007 R'000
Turnover	**9 158 937**	4 293 036
Profit for the year	**3 178 365**	803 355
Attributable to:		
Shareholders of the holding company	**3 069 522**	774 704
Minority shareholders	**108 843**	28 651
As above	**3 178 365**	803 355
Profit attributable to the shareholders of the holding company as above	**3 069 522**	774 704
Dividends relating to the group's activities for the year under review (refer note 24)	**307 408**	94 584
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents (2007: 200 cents) per share – declared on 27 August 2008	**280 000**	56 000
Less: dividends attributable to treasury shares	**(42 592)**	(3 416)
Profit for the year after dividends	**2 762 114**	680 120
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% share (2007: 50%)		
– Profit	**2 515 968**	534 748
Subsidiary companies		
– Profit	**347 918**	98 549
– Losses	**28 190**	15 862

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 , 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 Standards (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% (2007: 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 2008.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2008 and dividends declared during that period.

Abridged consolidated income statement of Assmang

	Year ended 30 June	
	2008 R'000	2007 R'000
Turnover	**14 835 456**	6 127 430
Profit before taxation and State's share of profit	**8 227 883**	1 971 824
Taxation and State's share of profit	**2 691 992**	639 660
Profit for the year	**5 535 891**	1 332 164
Dividends declared during the year	**479 008**	230 634
Profit for the year after dividends paid	**5 056 883**	1 101 530
Earnings per share (rands)		
– attributable	**1 560,19**	375,45
– headline	**1 564,13**	375,10
Dividends paid per share (rands)		
– final	**35,00**	30,00
– interim	**100,00**	35,00
	135,00	65,00

Abridged consolidated balance sheet of Assmang

	At 30 June	
	2008 R'000	2007 R'000
Assets		
Non-current assets	**7 196 333**	4 905 627
Current assets	**8 561 439**	2 891 045
Total assets	**15 757 772**	7 796 672
Equity and liabilities		
Total equity	**9 972 168**	4 915 285
Non-current liabilities	**1 782 717**	1 144 982
Current liabilities		
– interest-bearing	**511 829**	605 695
– non-interest-bearing	**3 491 058**	1 130 710
Total equity and liabilities	**15 757 772**	7 796 672
Number of ordinary shares in issue (thousands)	**3 548**	3 548
Capital expenditure (Rm)	**2 900**	2 231
Capital commitments (Rm)	**1 473**	5 177

SHARE PURCHASES AND WAREHOUSING AGREEMENT

Shareholders were advised by a circular dated 12 August 2008 that on 27 June 2008, The Standard Bank of South Africa Limited (Standard Bank) had acquired 2 931 653 Assore shares (amounting to 10,47% of shares in issue) on behalf of Assore from Old Mutual Life Assurance Company (South Africa) Limited (Old Mutual) at R760 per share for a total consideration of R2 228 056 280 (the warehoused shares). In contemplation of the purchase by Standard Bank of the warehoused shares from Old Mutual, Assore entered into a warehousing arrangement with Standard Bank, in terms of which Standard Bank agreed to warehouse the warehoused shares and subsequently sell such shares to Assore and Main Street 460 (Proprietary) Limited (a wholly owned subsidiary of Assore) (Assore SubCo) in certain proportions for the same aggregate price at which they had been acquired by Standard Bank from Old Mutual (the warehousing arrangement). Assore's rationale for entering into the warehousing arrangement emanated from the fact that the warehoused shares had become available for purchase, but as Assore was about to enter a closed period (as defined in terms of the Listings Requirements of the JSE Limited (the Listings Requirements) on 1 July 2008, Assore was not permitted to undertake a specific share repurchase until it had released its results for the year ended 30 June 2008, and such the closed period had expired. The warehousing arrangement accordingly afforded Assore sufficient opportunity to obtain the requisite approval of shareholders in terms of the Companies Act, 1973 (the Companies Act) and the Listings Requirements in order to purchase the warehoused shares from Standard Bank.

In order to provide security to Standard Bank for the warehousing arrangement, Assore ceded all rights, title and interests in and to a portfolio of cash on deposit and available-for-sale investments held by Assore to Standard Bank for the period of the warehousing arrangement. Shareholders are referred to the abovementioned circular for further details of the mechanics of the transaction and certain other related matters.

These, and various related transactions, as detailed in the circular, have been concluded in order to accumulate a parcel of Assore shares amounting to 10,98% (refer Black Economic Empowerment) of the total ordinary issued share capital for the purposes of finalising, in due course, a second black economic empowerment share transaction which will increase the current 15,02% equity ownership empowerment of Assore, achieved as a result of the first empowerment transaction with Shanduka and the Bokamoso Trust in February 2006, to the 26% required to be achieved by 2014 in terms of the Socio-economic Empowerment Charter for the South African Mining Industry.

The necessary shareholder approvals enabling Assore and Assore SubCo to purchase the warehoused shares from Standard Bank were obtained at the general meeting of Assore shareholders held on Thursday 4 September 2008 at Johannesburg, and the warehoused shares have accordingly been purchased from Standard Bank, on 15 September 2008 such that Assore acquired 280 000 Assore shares in terms of section 85 of the Companies Act (which shares were cancelled and restored to the status of authorised but unissued shares) and Assore SubCo acquired 2 651 653 Assore shares in terms of section 89 of the Companies Act (which shares are held as treasury shares).

The aggregate consideration of R2 228 056 280 payable to Standard Bank on the purchase of the warehoused shares was partially funded by the allotment and issue to Standard Bank of 220 variable rate cumulative redeemable preference shares with an aggregate subscription price of R2,2 billion (including share premium) (refer POST-BALANCE SHEET EVENTS below), with the balance being funded from Assore's existing cash resources.

Shareholders are referred to the abovementioned circular for further details of the mechanics of the transaction as regards such preference shares, and the security arrangements entered into in respect thereof. For accounting purposes the warehoused shares have been treated as treasury shares in accordance with the requirements of IAS 32 and 39.

POST-BALANCE SHEET EVENTS

The following significant corporate events occurred subsequent to the year-end but which, in the opinion of the board of directors, do not require any adjustments to the financial statements at 30 June 2008:

1 At the general meeting held on Thursday 4 September 2008, all the resolutions, both special and ordinary, required to approve the warehousing arrangement, the share repurchase and purchase by Assore and Assore SubCo respectively, and various ancillary matters (refer SHARE REPURCHASES AND WAREHOUSING AGREEMENT above) were passed by the requisite majority, and the relevant special resolutions have been registered by the Registrar of Companies in accordance with the Companies Act.

2 In accordance with the authority given to directors in terms of the aforementioned resolutions, Assore repurchased 148 347 Assore shares from Assore SubCo in terms of section 85 of the Companies Act, which Assore shares were held by Assore SubCo as treasury shares, at a price of R236,90 per Assore share (being the average price at which Assore SubCo acquired such Assore shares through open market transactions). The Assore shares so repurchased were cancelled and restored to the status of authorised but unissued shares.

3 In accordance with the authority given to directors in terms of the aforementioned resolutions, the warehoused shares were acquired from Standard Bank on 15 September 2008 at a price of R760 per share for an aggregate consideration of R2 228 056 280. The consideration was settled and financed by the issue to Standard Bank of 220 cumulative redeemable variable rate preference shares of R0,01 each at a premium of R9 999 999,99 per share and the balance from existing cash resources.

4. On 27 August 2008, the board declared a final dividend of 1 000 cents per share, which was paid to shareholders on 22 September 2008.

PURCHASE OF ASSORE SHARES DURING A CLOSED PERIOD

During the month of August 2007 (ie subsequent to the previous financial year-end) the company acquired 86 056 Assore shares in the market at a cost of some R27,4 million, being an average price of R318,48 per share. The shares were acquired as part of an initiative to accumulate Assore shares for the purposes of a future black economic empowerment transaction, and were acquired from willing sellers who had placed parcels of shares for sale in the market at their stipulated price. At no time had the company placed an order 'to buy' Assore shares in the market, and the shares concerned were acquired in terms of a general share repurchase scheme proposed and approved in terms of section 89 of the Companies Act at the annual general meeting held in the previous year on 24 November 2006. In error, and without any intent other than the above strategic objective as regards a second empowerment transaction, the Assore shares concerned were acquired during a closed period as defined in the Listings Requirements (ie between the financial year-end and the publication of annual financial results in the press). As soon as the board of directors became aware of the matter, it was reported, on an urgent basis, to the JSE through the company's sponsors on 30 August 2007. The JSE informed the company that in the circumstances they would not pursue the matter any further, but were obliged to report the matter to the Directorate of Market Abuse of the Financial Services Board (FSB).

Following a period of investigation, the FSB informed the company on 2 September 2008 that it was of the opinion that the share purchases concerned were a contravention of section 73 of the Securities Services Act and it would be proceeding with an enforcement action which could result in a penalty on the company in excess of R5,9 million. In order to bring the matter to a close, the board of directors has offered to settle the matter on payment of an administrative penalty of R2,5 million, which the FSB has in turn accepted, taking into consideration the special circumstances of the case and the good faith of the board of directors in handling the matter.

DIVIDENDS

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

	2008 R'000	2007 R'000
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007	**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Less: dividends attributable to treasury shares	**(4 392)**	(2 928)
	121 608	81 072

Subsequent to year-end, an increased final dividend of 1 000 cents per share was declared payable to shareholders on 22 September 2008. The dividends which relate to the group's activities for the year under review can therefore be summarised as follows:

	2008 R'000	2007 R'000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents – declared on 27 August 2008	**280 000**	56 000
Less: dividends attributable to treasury shares	**(42 592)**	(3 416)
	307 408	94 584

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 ◆◆ of this report.

On 1 February 2008, Mr N G Sacco was appointed as alternate director to Mr C J Cory. In terms of the company's Articles of Association, Messrs Desmond Sacco and P C Crous 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	Contri-butions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
Directors' emoluments						
2008						
Executive						
Desmond Sacco (Executive Chairman)	**110**	**3 398**	**283**	**–**	**419**	**4 210**
R J Carpenter (Deputy Chairman)	**96**	**3 232**	**11 843**	**734**	**243**	**16 148**
C J Cory (Chief Executive Officer)	**96**	**2 950**	**11 682**	**671**	**249**	**15 648**
P C Crous (Technical and Operations)	**96**	**2 592**	**11 478**	**600**	**211**	**14 977**
Non-executive						
P N Boynton*	**120**					**120**
B M Hawksworth	**150**					**150**
M C Ramaphosa*	**120**					**120**
J C van der Horst	**120**					**120**
Alternate						
J W Lewis	**–**	**1 180**	**5 673**	**272**	**218**	**7 343**
N G Sacco (Appointed 1 February 2008)	**–**	**439**	**28**	**24**	**13**	**504**
P E Sacco (Appointed 1 July 2007)	**15**	**360**	**114**	**72**	**127**	**688**
R Smith	**–**	**–**	**–**	**–**	**–**	**–**
	923	**14 151**	**41 101**	**2 373**	**1 480**	**60 028**
2007						
Executive						
Desmond Sacco (Executive 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

* *Fees paid to employer*

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. Other fringe benefits comprise medical aid contributions, car scheme allowance, 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 30 June 2008 were as follows, and other than mentioned below, 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**	
	2008	2007	**2008**	2007	**2008**	2007
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	**–**	–	**–**	–
N G Sacco (appointed 01/02/08)	**34 050**	34 050	**–**	–	**–**	–
P E Sacco (appointed 01/07/07)	**35 050**	35 050	**–**	–	**–**	–
R Smith	**–**	–	**–**	–	**–**	–
	172 000	172 000	**7 592 098**	7 592 098	**40 000**	40 000

On the and , Mr Desmond Sacco acquired an additional 50 000 and 10 000 shares in Assore respectively in which he holds a direct beneficial interest.

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 30 June 2008 other than mentioned below. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2008 %	2007 %
Shareholder spread		
Shares held by the public/non-public		
Non-public*		
– Holders in excess of 10% of the share capital	74,51	80,64
– Directors of the company	0,61	0,37
	75,12	81,01
Public (637 shareholders 2007: 374)	24,88	18,99
	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
Main Street 343 (Proprietary) Limited (a wholly owned subsidiary of Shanduka Resources (Proprietary) Limited)	11,76	11,76
The Standard Bank of South Africa Limited	10,47	–
Old Mutual Life Assurance Company (South Africa) Limited	4,57*	16,60
	79,08	80,64
Others – less than 5%	20,92	19,36
	100,00	100,00

* Between the year-end and the date of this report the holding of Old Mutual Life Assurance Company (South Africa) Limited reduced from 4,57% to 4,00%.

Johannesburg
27 August 2008

CONSOLIDATED BALANCE SHEET as at 30 June 2008

	Note	2008 R'000	2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	**4 131 072**	2 938 606
Investment properties	3	**61 838**	61 425
Intangible assets	4	**3 108**	3 288
Available-for-sale investments	5	**590 191**	236 119
		4 786 209	3 239 438
Current assets			
Inventories	6	**1 287 730**	976 047
Trade and other receivables	7	**1 998 542**	798 519
Cash deposits held by environmental trusts		**36 942**	29 097
Cash resources	25.6	**1 952 015**	280 360
		5 275 229	2 084 023
Total assets		**10 061 438**	5 323 461
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8	**700**	700
Share premium	9	**30 358**	30 358
Treasury shares	10	**(2 341 725)**	(86 262)
Retained earnings		**6 063 424**	3 115 510
Other reserves	11	**358 115**	170 401
		4 110 872	3 230 707
Minority shareholders' interest		**111 528**	48 673
Total equity		**4 222 400**	3 279 380
Non-current liabilities			
Long-term borrowings	12	**72 792**	75 212
Deferred taxation	13	**899 701**	620 597
Long-term provisions	14	**150 528**	81 743
		1 123 021	777 552
Current liabilities			
Trade and other payables	15	**1 043 517**	608 106
Taxation		**966 127**	89 076
Short-term provisions	16	**84 884**	24 577
Share warehousing facility	17	**2 228 056**	–
Overdrafts and short-term borrowings	18	**393 433**	544 770
		4 716 017	1 266 529
Total equity and liabilities		**10 061 438**	5 323 461

CONSOLIDATED INCOME STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Revenue	19	**9 545 809**	4 442 036
Turnover		**9 158 937**	4 293 036
Cost of sales		**4 668 547**	3 174 247
Gross profit		**4 490 390**	1 118 789
Profit on disposal of available-for-sale investments		**22 350**	43 025
Technical fees and commissions on sales	19	**277 992**	111 399
Other income		**333 745**	121 714
Other expenses		**(399 005)**	(195 017)
Finance costs	20	**(38 016)**	(27 471)
Profit before taxation and State's share of profits	21	**4 687 456**	1 172 439
Taxation and State's share of profits	22	**1 509 091**	369 084
Profit for the year		**3 178 365**	803 355
Attributable to:			
Shareholders of the holding company		**3 069 522**	774 704
Minority shareholders		**108 843**	28 651
As above		**3 178 365**	803 355
Earnings per share (cents)	23	**11 406**	2 863
Headline earnings per share (cents)	23	**11 362**	2 720
Dividends per share declared during the year (cents)	24	**450**	300

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Cash retained from operating activities		**5 691 607**	974 081
Net cash generated by operations		**6 215 471**	1 361 723
Cash generated by operations	25.1	**5 032 284**	1 384 874
Dividend income	25.2	**9 002**	5 034
Movements in working capital	25.3	**1 174 185**	(28 185)
Interest income		**67 745**	20 676
Finance costs	20	**(38 016)**	(27 471)
Taxation paid	25.4	**(380 611)**	(268 431)
Dividends paid to shareholders of the holding company	25.5	**(121 647)**	(81 065)
Dividends paid to minority shareholders		**(51 335)**	(31 351)
Cash utilised in investing activities		**(3 865 170)**	(1 151 110)
Acquisition of shares in the holding company by group companies		**(2 255 463)**	(7 736)
Acquisition of available-for-sale investments		**(149 084)**	–
Additions to property, plant and equipment			
– to maintain operations		**(1 007 840)**	(90 143)
– to expand operations		**(499 976)**	(1 107 566)
Additions to investment properties		**(413)**	(2 375)
Net movement in environmental rehabilitation trust funds		**(7 845)**	(6 156)
Proceeds on disposal of:			
– property, plant and equipment		**28 419**	9 419
– available-for-sale investments		**27 032**	53 447
Cash (utilised)/generated by financing activities		**(154 782)**	308 495
Increase in long-term borrowings		**1 885**	21 682
(Decrease)/increase in overdrafts and short-term borrowings		**(156 667)**	286 813
Cash resources			
– increase for the year		**1 671 655**	131 466
– at beginning of year		**280 360**	148 894
– at end of year	25.6	**1 952 015**	280 360

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Share capital			
Balance at beginning and end of year	8	**700**	700
Share premium			
Balance at beginning and end of year	9	**30 358**	30 358
Treasury shares			
Balance at beginning of year		**(86 262)**	(78 526)
Treasury shares purchased during the year		**(27 407)**	(7 736)
Treasury shares warehoused		**(2 228 056)**	–
Balance at end of year	10	**(2 341 725)**	(86 262)
Retained earnings			
Balance at beginning of year		**3 115 510**	2 421 878
Profit for the year		**3 069 522**	774 704
Ordinary dividends declared during the year		**(121 608)**	(81 072)
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007		**(56 000)**	(42 000)
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008		**(70 000)**	(42 000)
Less: Dividends attributable to treasury shares		**4 392**	2 928
Balance at end of year		**6 063 424**	3 115 510
Other reserves			
Balance at beginning of year		**170 401**	100 906
		187 714	69 495
Net increase in the market value of available-for-sale investments		**209 669**	76 791
Deferred capital gains taxation provided on revaluation of available-for sale investments to market value		**(27 675)**	(7 566)
Foreign currency translation reserve arising on consolidation		**5 720**	270
Balance at end of year	11	**358 115**	170 401
Share capital and reserves at year-end per balance sheet		**4 110 872**	3 230 707

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements of the group and company are prepared on the historical cost basis, except for financial instruments that are measured at fair value. Details of the accounting policies used in the preparation of the financial statements are set out below which are consistent with those applied in the previous year except as stated under the heading "Changes in accounting policies" below.

1.1.1 Statement of compliance

The consolidated financial statements of the group and company have been 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 and applicable legislation.

1.1.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the group has adopted the following standards or changes to standards in response to changes in IFRS:

Standard	Effective for financial periods commencing	Description	Impact
IFRS 7	1 January 2007	Financial Instruments – Disclosures	IFRS 7 adds improvements to the disclosure framework for risks arising from financial instruments. In essence the statement revises and enhances the disclosures previously outlined in IAS 32. This statement requires both quantitative and qualitative disclosure concerning the group's financial instruments.
IAS 1	1 January 2007	IAS 1 Amendment – *Capital Disclosures*	This amendment to IAS 1 deals with capital disclosure requirements as to what the entity regards as capital and objectives, policies and processes for managing capital as well as compliance with capital requirements. Adoption of this statement did not have any effect on the financial position of the group, however, it did give rise to additional disclosures.
IFRIC 11	1 March 2007	IFRS 2 – Group and Treasury Share Transactions	This interpretation addresses whether certain share transactions should be accounted for as cash or equity settled and with share-based payments that involve two or more entities in the same group. The adoption of this interpretation did not impact on the financial statements once implemented.
IFRIC 12	1 January 2008	Service Concession Arrangements	This interpretation gives guidance on the arrangements accounting by operators for public-to-private service concession arrangements. The adoption of this interpretation did not impact on the financial statements once implemented.
IFRIC 14	1 January 2008	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	This interpretation provides additional guidance on IAS 19 and adoption did not have an impact on the financial statements once implemented.

1.1.3 IFRS and IFRIC interpretations not yet effective

The group has not applied the following IFRS and IFRIC interpretations which have been issued but are not yet effective:

Standard	Effective for financial periods commencing	Description	Impact
IAS 1	1 January 2009	IAS 1 (Amendment) Presentation of Financial Statements (Amendment)	IAS 1 (amendment) – The amendment requires that all non-owner changes in equity (comprehensive income) be presented in either one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity. It also requires that a balance sheet is presented at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. The entity has to disclose income tax relating to each component of other comprehensive income, and disclose reclassification adjustments relating to components of other comprehensive income. The group still needs to determine which disclosure option it will follow for comprehensive income, but it is not expected that the impact on the financial statements will be significant.
IAS 23	1 January 2009	IAS 23 (Amendment) Borrowing Costs	IAS 23 (revised) supersedes the previous IAS 23. The main change from the previous version is the removal of the option to immediately recognise, as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The group has already adopted the policy of capitalising borrowing costs.
IAS 27	1 July 2009	IAS 27 (Amendment) Consolidated and Separate Financial Statements	IAS 27 amendments deal with acquisitions of additional non-controlling equity interests that have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit and loss. These amendments will impact on the accounting treatment where additional minority interests are acquired.
IAS 32	1 January 2009	IAS 32 (Amendment) Financial Instruments: Presentation IAS 1 (Amendment) Presentation of Financial Statements	IAS 32 requires certain puttable instruments that meet the definition of a financial liability to be classified as equity if, and only if, they meet the required conditions. These amendments will not have any impact on the group's financial statements.

1.1 Basis of preparation (continued)

1.1.3 IFRS and IFRIC interpretations not yet effective (continued)

Standard	Effective for financial periods commencing	Description	Impact
IFRS 2	1 January 2009	IFRS 2 (Amendment) – Share-based Payment: Vesting Conditions and Cancellations	The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and non-vesting conditions. Vesting conditions are now limited to service conditions as defined in the current IFRS 2 and performance conditions. Non-vesting conditions are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no true-up for differences between expected and actual outcomes. These amendments will not have any impact on the group's financial statements.
IFRS 3	1 July 2009	Business Combinations (Revised)	IFRS 3 applies to all new business combinations that occur after 1 April 2010. The statement requires that all transaction costs be expensed and the contingent purchase consideration be recognised at fair value on acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will have to be recognised in profit and loss. These amendments will have an impact on the disclosures regarding any business combinations subsequent to 1 April 2010.
IFRS 8	1 January 2009	Operating Segments	IFRS 8 sets out requirements for disclosure of information about an entity's operating segments, the entity's products and services, the geographical areas in which it operates and its major customers. This standard may require additional disclosures regarding segmental information and the group is still determining the impact of the standard on its financial statements.
IFRIC 13	1 July 2008	Customer Loyalty Programmes	IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy goods and services. This interpretation is not expected to have any impact on the group's financial statements.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its joint venture and subsidiary companies, which are prepared for the same reporting year as the holding company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated.

Subsidiary companies

Investments in subsidiaries are accounted for in the company at cost less impairments. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intragroup transactions and balances, (including profits and losses that arise between group companies) are eliminated on consolidation.

Minority interests represent the portion of profit or loss and net assets and liabilities not held by the group which are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Joint ventures

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the group, in terms of contractual agreements, has joint control over the financial and operating policy decisions of the enterprise. The group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is incorporated on a line-by-line basis in the group financial statements and all intragroup transactions and balances are eliminated on consolidation. The joint venture is proportionately consolidated until the date at which the group ceases to have joint control over the joint venture.

1.3 Significant accounting judgements and estimates

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

Consolidation of special purpose vehicles

Management is of the opinion that the Bokamoso Trust, a broad-based community trust, is still controlled by Assore, as suitable beneficiaries which comply with the broad-based requirement set out in the Trust Deed have yet to be identified. Accordingly the trust has been consolidated in the group financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The goodwill relates to the acquisition of a foreign subsidiary and, based on current circumstances, no impairment is necessary.

Post-retirement medical aid liability

Independent actuaries determine the quantum of the liability on a regular basis and the related assumptions are disclosed in note 33.2.

Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and associated decommissioning of assets. An independent environmental liability assessment is conducted on an annual basis to assess the adequacy of the environmental rehabilitation provisions. Significant risk of material adjustment exists due to the inherent uncertainty surrounding the future life of the mines, the forward-looking nature of the provisions and the uncertainty regarding the underlying assumptions. The inflation rates applied to estimated costs used in the discounted cash flow calculation is 11% and the nominal discount rate is 9%.

1.4 Property, plant and equipment and depreciation

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when future economic benefits are no longer expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

The costs to add to, replace part of, or service an item following a major inspection is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

1.4 Property, plant and equipment and depreciation (continued)

Depreciation of the various types of assets is determined on the following bases:

Mineral and prospecting rights

Mineral rights, which are being depleted, are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights, which are not being depleted, are not amortised. Mineral rights, which have no commercial value, are written off in full.

Land, buildings and mine, township and industrial properties

Land is not depreciated. Owner occupied properties, which are designed for a specific use are only depreciated if carrying value exceed estimated residual values in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives. The annual depreciation rates used vary up to a maximum of 30 years.

Mine properties, including houses, schools and administration blocks, are depreciated to estimated residual values at the lesser of life of mine and expected useful life of the asset on the straight-line basis.

Plant and equipment

Mining plant and equipment is depreciated over the lesser of its estimated useful life, estimated at between 5 and 19 years, and the units-of-production method based on estimated proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

Prospecting, exploration, 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, are capitalised and depreciated over a maximum period of 30 years using the straight-line method of depreciation. Development costs to maintain production are expensed as incurred.

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures, research programmes and other related projects. The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditure is capitalised and depreciated in the same way as mining assets (refer mineral and prospecting rights above). Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

Mine development and decommissioning assets are depreciated using the lesser of its estimated useful life or the units of production method based on proven and probable ore reserves. 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. Where the reserves are not determinable due to their scattered nature, the straight-line method of amortisation is applied based on the estimated life of the mine. The maximum period of amortisation using these methods is 30 years.

Vehicles, furniture and office equipment

Vehicles, furniture and office equipment are depreciated on the straight-line basis using the following useful lives:

Vehicles	– between 5 and 9 years
Furniture	– between 4 and 18 years
Office equipment	– between 2 and 11 years

Capital work progress

Capital work in progress is not depreciated and is transferred to the category to which it pertains when the asset is brought into use as intended.

1.5 Leased assets

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 use the asset.

Leases of assets where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at fair value of the leased assets at commencement of the lease, or, if lower, the present value of the minimum lease payments and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against operating profit, and the capital repayment, which reduces the liability to the lessor. These assets are depreciated on the same basis as the fixed assets owned by the group.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are reflected at cost less accumulated depreciation and impairment losses. Investment properties are only depreciated if their carrying value exceed estimated residual value in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

No assets held under operating lease have been classified as investment properties.

1.7 Intangible assets

Intangible assets represent proprietary technical information and goodwill. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities fairly valued, at date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired based on future income streams of the cash generating unit.

1.8 Capitalisation of borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or development of a qualifying asset, which requires a substantial period of time to be prepared for its intended use, are capitalised until such time as the asset concerned is commissioned. Thereafter, these costs together with other borrowing costs are expensed. Borrowing costs include discounts or premiums relating to borrowings.

1.9 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss, and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.10 Environmental rehabilitation expenditure

The estimated cost of final rehabilitation, comprising the liability for decommissioning of assets and restoration, is based on current legal requirements and existing technology and is reassessed annually.

Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is recognised in property, plant and equipment when the decommissioning provision gives access to future economic benefits. The unwinding of the obligation is included in the income statement.

The estimated cost of decommissioning obligations is reviewed annually and adjusted for legal, technological and environmental circumstances that affect the present value of the obligation for decommissioning. Decommissioning costs capitalised are amortised using the lesser of its estimated useful life or units of production method based on estimated proven and probable ore reserves.

Restoration costs

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and charged to the income statement based on the units-of-production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust funds

The group makes annual contributions to the environmental rehabilitation trust funds, which have been created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. Annual contributions are determined in accordance with statutory requirements, on the basis of the estimated environmental obligation divided by the remaining life of a mine. Income earned on monies paid to the trust is accounted for as net investment income. The environmental trust funds are consolidated.

1.11 Financial instruments

The group's financial instruments consist primarily of cash on hand, balances with banks, deposits on call, money market instruments, derivative instruments, trade and other receivables, trade payables, borrowings and investments other than those in subsidiary or joint venture companies. The initial recognition of financial instruments is at fair value at the trade date and subsequent recognition is at fair value or amortised cost. Recognition methods adopted are disclosed in the policy statements for each item.

Available-for-sale investments

All investments are initially recognised at fair value, including acquisition charges associated with the investment. After initial recognition, investments, other than investments in jointly controlled entities and subsidiary companies, are classified as available-for-sale investments and are disclosed at fair value, which equates to market value.

Gains and losses on subsequent measurement are recognised in equity until the investment is disposed of, or its original cost is considered to be impaired, at which time the cumulative gain previously reported in equity and the impairment of the cost, where considered permanent, is taken to the income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis.

Trade and other receivables
Trade and other receivables, which generally have 30 to 120 days' terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

Trade and other payables
Trade and other payables are stated at amortised cost, being the initial recognised obligation less payments made and any other adjustments.

1.12 Derivative financial instruments and hedging

In the event that the group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting and any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

1.13 Derecognition of financial assets and liabilities

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 has transferred substantially all the risks and rewards of the asset, or 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 rights 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.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 amounts is recognised in profit or loss.

1.14 Impairment of financial assets

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired, which is determined on the following bases:

Assets carried at amortised cost
If there is objective evidence that an impairment loss on trade and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is either reduced directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

1.14 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.15 Foreign currency translation

The consolidated financial statements are presented in South African currency, which is the group's functional and presentation currency. Transactions in other currencies are dealt with as follows:

Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the rate of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the approximate rates ruling at that date. Foreign exchange gains or losses arising from foreign exchange transactions whether realised or unrealised are included in the determination of profit.

Foreign entities

The assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the income statement as a component of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate at the date of the transaction.

1.16 Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolescence and slow-moving items. The cost of inventories, which are determined on a weighted average cost basis, comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

1.17 Taxation

Current tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill impairment or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax assets and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax assets and unused tax losses carried forward can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Secondary taxation on companies (STC)

STC is calculated on the declaration date of all dividends net of dividends received and is included in the taxation expense in the income statement. To the extent that it is probable that the entity with the STC credits will declare dividends of its own against which unused STC credits can be utilised, a deferred tax asset is recognised for such STC credits.

1.18 Provisions

Provisions are recognised when:

- a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation, and
- a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when the group has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

1.19 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at their fair value, being 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 rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

1.20 Treasury shares

Own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the group's own equity instruments.

1.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of mining and beneficiated products

Sale of mining and beneficiated products represents the F.O.B. or C.I.F. sales value of ores and alloys exported and the F.O.R. sales value of ores and alloys sold locally. Sales of mining and beneficiated products are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Technical fees and commissions on sales

Revenue from technical fees and commissions on sales is recognised on the date when the risk passes in the underlying transaction.

Interest received

Interest received is recognised using the effective interest method ie the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net amount of the financial asset.

Dividends received

Dividends received are recognised when the shareholders' right to receive the payment is established.

Rental income

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

1.22 Post-employment benefits

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. The cost of providing benefits under defined benefit plans are determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised using the "corridor method", ie as income or an expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation or the fair value of the plan assets at that date. These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The rate at which contributions are made to a defined contribution funds are fixed and are recognised as an expense when employees have rendered services in exchange for those contributions. No liabilities are raised in respect of the defined contribution fund, as there is no legal or constructive obligation to pay further contributions should the fund not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.23 Definitions

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and State's share of profits, after adjusting for outside shareholders' interests divided by the weighted number of shares outstanding during the period.

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with circular 8/2007 issued by the South African Institute of Chartered Accountants. Adjustments against earnings are made after taking into account attributable taxation and minority interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Cash resources

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value. Bank overdrafts have been separately disclosed with current liabilities on the balance sheet. The book value of cash deposits with banks and money-market instruments approximate their fair value.

	Cost 2008 R'000	Accumulated depreciation 2008 R'000	Carrying amount 2008 R'000	Cost 2007 R'000	Accumulated depreciation 2007 R'000	Carrying amount 2007 R'000
2. PROPERTY, PLANT AND EQUIPMENT						
At year-end						
Mining assets						
Mineral and prospecting rights	**432 476**	**71 878**	**360 598**	432 476	51 536	380 940
Land, buildings and mine properties	**426 582**	**67 729**	**358 853**	227 859	52 212	175 647
Plant and equipment	**3 032 216**	**623 710**	**2 408 506**	1 994 852	511 858	1 482 994
Prospecting, exploration, mine development and decommissioning assets	**839 241**	**244 972**	**594 269**	788 530	195 291	593 239
Vehicles, furniture and office equipment	**329 424**	**141 541**	**187 883**	263 393	110 039	153 354
Leased assets capitalised	**27 543**	**9 457**	**18 086**	26 519	4 406	22 113
Capital work in progress	**54 409**	**–**	**54 409**	3 596	–	3 596
	5 141 891	**1 159 287**	**3 982 604**	3 737 225	925 342	2 811 883
Other assets						
Land and buildings	**6 962**	**316**	**6 646**	6 363	–	6 363
Township property	**–**	**–**	**–**	2 051	81	1 970
Industrial property	**24 813**	**2 913**	**21 900**	13 452	2 471	10 981
Plant and equipment	**127 855**	**25 545**	**102 310**	60 614	24 206	36 408
Vehicles, furniture and office equipment	**29 071**	**18 648**	**10 423**	25 887	17 856	8 031
Capital work in progress	**7 189**	**–**	**7 189**	62 970	–	62 970
	195 890	**47 422**	**148 468**	171 337	44 614	126 723
	5 337 781	**1 206 709**	**4 131 072**	3 908 562	969 956	2 938 606

Exchange differences

Exchange differences for the year arising on the translation at year-end of the property, plant and equipment of a foreign subsidiary amounted to R70 940 (2007: R6 260).

Leased assets

Vehicles with a carrying amount of R18,1 million (2007: R22,1 million) are encumbered as security for the finance lease agreements referred to in note 12.

Borrowing costs

Acquisitions in respect of mine development include borrowing costs amounting to R33,9 million (2007: R7,0 million) that were capitalised during the year. Borrowing costs are capitalised at effective rates applicable to group borrowings during the year.

Capital work in progress

Included in mine development, plant and machinery and capital work in progress above, are assets with a carrying amount of R197,6 million (2007: R861,2 million) which relate to projects in progress from which no revenue is currently derived.

2008	Opening carrying amount R'000	Acquisitions and transfers R'000	Disposals R'000	Reclassi-fications R'000	Current depreciation charge R'000	Closing carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT (continued)						
Movement for the year						
Mining assets						
Mineral and prospecting rights	380 940	–	–	–	(20 342)	360 598
Land, buildings and mine properties	175 647	199 904	(2 480)	2 596	(16 814)	358 853
Plant and equipment	1 482 994	1 075 661	(4 841)	(4)	(145 304)	2 408 506
Prospecting, exploration, mine development and decommissioning assets	593 239	73 528	(21 128)	120	(51 490)	594 269
Vehicles, furniture and office equipment	153 354	113 977	(29 705)	(1 084)	(48 659)	187 883
Leased assets capitalised	22 113	1 025	–	–	(5 052)	18 086
Capital work in progress	3 596	50 813	–	–	–	54 409
	2 811 883	1 514 908	(58 154)	1 628	(287 661)	3 982 604
Other assets						
Land and buildings	6 363	122	–	168	(7)	6 646
Township property	1 970	–	–	(1 970)	–	–
Industrial property	10 981	11 361	–	–	(442)	21 900
Plant and equipment	36 408	69 895	(1 230)	4	(2 767)	102 310
Vehicles, furniture and office equipment	8 031	5 352	(202)	170	(2 597)	10 754
Capital work in progress	62 970	(56 112)	–	–	–	6 858
	126 723	30 618	(1 432)	(1 628)	(5 813)	148 468
	2 938 606	1 545 526	(59 586)	–	(293 474)	4 131 072

2007	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Reclassifi-cations R'000	Current depreciation charge R'000	Reversal of items previously capitalised R'000	Closing carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT (continued)							
Movement for the year							
Mining assets							
Mineral and prospecting rights	401 390	–	–	(120)	(20 330)	–	380 940
Land, buildings and mine properties	122 355	61 580	(19)	(93)	(8 176)	–	175 647
Plant and equipment	712 003	914 639	144	(35 849)	(110 670)	2 727	1 482 994
Prospecting, exploration mine development and decommissioning assets	601 706	46 038	(4 595)	4 822	(54 732)	–	593 239
Vehicles, furniture and office equipment	93 666	85 279	(6 915)	3 227	(24 455)	2 552	153 354
Leased assets capitalised	6 246	26 479	–	–	(4 365)	(6 247)	22 113
Capital work in progress	–	3 596	–	–	–	–	3 596
	1 937 366	1 137 611	(11 385)	(28 013)	(222 728)	(968)	2 811 883
Other assets							
Land and buildings	–	2 234	(316)	4 445	–	–	6 363
Township property	1 976	–	–	–	(6)	–	1 970
Industrial property	10 301	5 160	–	(4 233)	(247)	–	10 981
Plant and equipment	22	8 453	(49)	31 027	(3 045)	–	36 408
Vehicles, furniture and office equipment	11 000	2 641	(13)	(3 199)	(2 391)	(7)	8 031
Capital work in progress	–	62 970	–	–	–	–	62 970
	23 299	81 458	(378)	28 040	(5 689)	(7)	126 723
	1 960 665	1 219 069	(11 763)	27	(228 417)	(975)	2 938 606

	2008 R'000	2007 R'000
3. INVESTMENT PROPERTIES		
Land and buildings		
Carrying amount at beginning of year	**61 425**	59 077
Acquisitions	**413**	2 375
Reclassifications	**–**	(27)
Carrying amount at end of year	**61 838**	61 425
Estimated fair value	**152 025**	152 025
A register containing details of investment properties is available for inspection during business hours at the registered address of the company by shareholders or their duly authorised agents.		
There is no depreciation charge for the year as the residual values are either equal to, or exceed the carrying amounts.		
4. INTANGIBLE ASSETS		
Intangible assets consist of proprietary licences and goodwill.		
Licences		
Carrying amount at beginning of year	**1 870**	2 050
Amortisation for the year	**(180)**	(180)
Carrying amount at end of year	**1 690**	1 870
Goodwill		
Carrying amount at beginning and end of year	**1 418**	1 418
	3 108	3 288
5. AVAILABLE-FOR-SALE INVESTMENTS		
Listed – at market value	**590 066**	235 994
Balance at beginning of year	**235 994**	169 625
Purchases at cost	**149 083**	–
Disposals at carrying value	**(4 681)**	(10 422)
Fair value adjustment	**209 670**	76 791
Unlisted – at cost and directors' valuation	**125**	125
	590 191	236 119
Listed – at cost	**181 436**	37 033
Fair value adjustment transferred to other reserves (refer note 11)	**408 630**	198 961
As above	**590 066**	235 994
6. INVENTORIES		
Raw materials	**529 230**	404 740
Consumable stores	**110 077**	46 867
Work in progress	**7 512**	–
Finished goods	**641 985**	524 440
Less: Provision for obsolete stock	**(1 074)**	–
	1 287 730	976 047
Cost of inventory recognised as an expense	**3 387 559**	2 567 935
Cost of inventory written down during the year recognised in cost of sales	**2 054**	1 255

	2008 R'000	2007 R'000
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 980 966**	618 196
Other receivables	**17 576**	180 323
	1 998 542	798 519
Trade and other receivables are non-interest bearing and are normally settled on 60 to 120-day terms.		
8. SHARE CAPITAL		
Authorised		
40 000 000 (2007: 40 000 000) ordinary shares of 2,5 cents each	**1 000**	1 000
Issued		
Balance at beginning and end of year (28 000 000 ordinary shares of 2,5 cents each)	**700**	700
9. SHARE PREMIUM		
Balance at beginning and end of year	**30 358**	30 358
10. TREASURY SHARES		
Balance at beginning of year	**(86 262)**	(78 526)
Assore entered into a warehousing agreement in terms of which Standard Bank of South Africa purchased 10,47% (2 931 653 shares) of the issued share capital at R760 per share.	**(2 228 056)**	–
86 086 Assore shares, acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore in terms of the authority granted by shareholders at the previous annual general meeting.	**(27 407)**	–
62 291 Assore shares, acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore in terms of the authority granted by shareholders at the previous annual general meeting.	**–**	(7 736)
Balance at end of year	**(2 341 725)**	(86 262)
11. OTHER RESERVES		
Foreign currency translation reserve arising on consolidation	**6 477**	757
After tax fair value adjustment arising on the revaluation of available-for-sale investments	**351 638**	169 644
Gross fair value adjustment at year-end (refer note 5)	**408 630**	198 961
Less: Deferred capital gains taxation	**(56 992)**	(29 317)
	358 115	170 401
12. LONG-TERM BORROWINGS		
South African long-term borrowings		
Preference shares		
536 "A" preference shares of 1 cent each issued by Main Street 350 (Proprietary) Limited to a banker to finance the acquisition of the Assore shares explained in note 10.	**58 987**	56 929
Secured loans	**13 805**	18 283
Finance lease liabilities over vehicles with a carrying amount of R18,1 million (2007: R22,1 million) repayable in varying monthly instalments over 48 months (2007: 60 months) which bear interest at 1,40% (2007: 1,40%) below the prime overdraft rate	**19 135**	22 786
Less: Repayable within one year included in short-term borrowings (refer note 18)	**(5 330)**	(4 503)
	72 792	75 212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

2008	Balance at year-end Total borrowings 2008 R'000	Repayable during the years ending 30 June 2009 R'000	2010 R'000	2011 R'000	2012 R'000	2013 R'000
12. LONG-TERM BORROWINGS (continued)						
Secured						
– finance lease liabilities	**19 135**	**5 330**	**4 829**	**5 447**	**3 529**	**–**

2007	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 R'000	2012 R'000
Secured						
– finance lease liabilities	22 786	4 503	5 054	4 392	2 805	6 032

Interest payable and repayments

The group has finance leases over mining vehicles, which have no terms of renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2008 Minimum payments R'000	2008 Present value of payments R'000	2007 Minimum payments R'000	2007 Present value of payments R'000
Within one year	**5 330**	**5 330**	6 915	4 503
After one year but not more than five years	**13 805**	**13 805**	21 949	18 283
Total minimum lease payments	**19 135**	**19 135**	28 864	22 786
Less: Finance charges	**–**	**–**	6 078	–
Present value of minimum lease payments (as above)	**19 135**	**19 135**	22 786	22 786

	2008 R'000	2007 R'000
13. DEFERRED TAXATION		
At year-end		
Raised on the following:		
Accelerated capital allowances	**898 915**	622 165
Provisions raised	**(52 317)**	(28 831)
Valuation of inventories	**(4 514)**	(2 228)
Revaluation of available-for-sale investments	**56 992**	29 317
Other	**625**	174
	899 701	620 597
Movements		
Balance at beginning of year	**620 597**	544 844
– Deferred tax assets	**6 808**	4 621
– Deferred tax liabilities	**627 405**	549 465
	279 104	75 753
Reduction due to change in tax rate	**(15 495)**	–
Accelerated capital allowances	**292 245**	83 125
Provisions reversed	**(23 486)**	(13 082)
Valuation of inventories	**(2 286)**	(1 894)
Revaluation of available-for-sale investments	**27 675**	7 566
Other	**451**	38
Balance at end of year	**899 701**	620 597
– Deferred tax assets	**7 377**	6 808
– Deferred tax liabilities	**907 078**	627 405

	2008 R'000	2007 R'000
14. LONG-TERM PROVISIONS		
Environmental obligations		
Provision for cost of decommissioning assets	**101 895**	50 170
Balance at beginning of year	**50 170**	25 416
Provisions raised during the year	**35 761**	7 083
Provision discount adjustment	**1 721**	906
Increase in decommissioning assets	**14 243**	16 765
Provision for cost of environmental restoration	**39 373**	23 489
Balance at beginning of year	**23 489**	28 406
Provisions raised/(reversed) during the year	**15 120**	(5 405)
Provision discount adjustment	**764**	488
Balance at end of year	**141 268**	73 659
Post-retirement healthcare benefits (refer note 33)		
Balance at beginning of year	**8 084**	10 457
Benefits	**1 176**	–
Provision reversed during the year	**–**	(2 373)
Balance at end of year	**9 260**	8 084
	150 528	81 743
Environmental obligations before funding (as above)	**141 268**	73 659
Less: Cash deposits held by environmental trusts (per balance sheet)	**36 942**	29 097
Obligation provided for in the balance sheet, but not yet funded	**104 326**	44 562
15. TRADE AND OTHER PAYABLES		
Trade payables	**1 040 505**	488 928
Other payables	**3 012**	119 178
	1 043 517	608 106
Trade and other payables are non-interest bearing and are normally settled on 30-day terms.		
16. SHORT-TERM PROVISIONS		
Balance at beginning of year	**24 577**	20 242
Provisions raised for the year	**63 061**	6 272
Payments made during the year	**(2 754)**	(1 937)
Balance at end of year	**84 884**	24 577
Made up as follows:		
Bonuses		
Balance at beginning of year	**2 064**	1 909
Provisions raised	**2 401**	2 064
Payments made during the year	**(2 064)**	(1 909)
Balance at end of year	**2 401**	2 064

	2008 R'000	2007 R'000
16. SHORT-TERM PROVISIONS (continued)		
Leave pay		
Balance at beginning of year	**19 744**	15 564
Provisions raised	**5 790**	4 208
Payments made during the year	**–**	(28)
Balance at end of year	**25 534**	19 744
Environmental compliance		
Balance at beginning of year	**–**	–
Provisions raised	**54 870**	–
Balance at end of year	**54 870**	–
Other		
Balance at beginning of year	**2 769**	2 769
Payments made during the year	**(690)**	–
Balance at end of year	**2 079**	2 769
	84 884	24 577
17. SHARE WAREHOUSING FACILITY		
Standard Bank has entered into an agreement with Old Mutual to purchase 2 931 653 Assore shares ("the warehoused shares") from Old Mutual at R760 per Assore share for an aggregate consideration of approximately R2 228,1 million. Standard Bank has further entered into an agreement with Assore in terms of which Standard Bank will warehouse the warehoused shares on Assore's behalf until such time as Assore is able to obtain the requisite shareholder approval to repurchase the warehoused shares from Standard Bank at R760 per Assore share for an aggregate consideration of R2 228,1 million, being equal to the amount paid by Standard Bank to Old Mutual for the warehoused shares.	**2 228 056**	–
18. OVERDRAFTS AND SHORT-TERM BORROWINGS		
Overdrafts and short-term borrowings (unsecured)	**388 103**	540 267
Current portion of long-term borrowings (refer note 12)	**5 330**	4 503
	393 433	544 770
Overdrafts and short-term borrowings are repayable on demand and interest rates are linked to the prime overdraft rate.		
19. REVENUE		
Revenue comprises:		
Sales of mining and beneficiated products	**9 158 937**	4 293 036
Technical fees and commissions on sales	**277 992**	111 399
Gross receipts	**520 104**	208 818
Eliminated on proportionate consolidation of Assmang	**(242 112)**	(97 419)
Interest received	**67 745**	20 676
Dividends received from available-for-sale investments	**9 002**	5 034
Other	**32 133**	11 891
	9 545 809	4 442 036

	Note	2008 R'000	2007 R'000
20. FINANCE COSTS			
Finance costs incurred on financial instruments		**71 935**	34 443
Less: Amounts capitalised	2	**(33 919)**	(6 972)
Per income statement		**38 016**	27 471
21. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS			
Profit before taxation and State's share of profits is stated after taking into account the following items of income and expenditure:			
Income			
Profit on disposal of property, plant and equipment		**–**	2 458
Foreign exchange gains			
– realised		**195 962**	80 042
– unrealised		**29 166**	2 852
Expenditure			
Amortisation of intangible assets		**180**	180
Auditors' remuneration		**4 364**	3 225
– Audit fees		**4 173**	3 200
– Underprovision in prior year		**191**	25
Cost of inventories written down		**2 054**	1 255
Depreciation of mining assets (refer note 2)		**287 661**	222 728
– Mineral and prospecting rights		**20 342**	20 330
– Land, buildings and mining properties		**16 814**	8 176
– Plant and equipment		**145 304**	110 670
– Prospecting, exploration, mine development and decommissioning		**51 490**	54 732
– Vehicles, furniture and office equipment		**48 659**	24 455
– Leased assets capitalised		**5 052**	4 365
Depreciation of other assets (refer note 2)		**5 813**	5 689
– Land and buildings		**7**	–
– Township and industrial property		**442**	253
– Plant and equipment		**2 767**	3 045
– Vehicles, furniture and office equipment		**2 597**	2 391
Exploration expenditure		**97**	762
Loss on disposal and scrapping of property, plant and equipment		**10 040**	207
Foreign exchange losses – unrealised		**1 964**	20 464
Operating lease expenses		**648**	616
Professional fees		**26 390**	1 283
Provision for impairment of debtors and bad debts written off		**9**	10
Transfer secretary fees		**99**	211
Staff costs (refer note 33)			
– salaries and wages (including directors' emoluments)		**600 606**	377 207
– healthcare costs		**17 827**	15 056
– pension fund contributions		**30 234**	24 354

	2008 R'000	2007 R'000
22. TAXATION AND STATE'S SHARE OF PROFITS		
South African normal taxation		
– current year	**985 872**	258 129
– underprovisions relating to prior years	**3 551**	854
Capital gains tax	**3 130**	6 239
State's share of profits	**237 848**	20 452
Deferred taxation		
– temporary differences (current year)	**267 630**	68 187
– temporary differences (prior years)	**(708)**	–
– rate adjustment	**(15 495)**	–
Secondary tax on companies	**27 263**	15 223
	1 509 091	369 084
The current tax charge is affected by non-taxable investment income, capital redemption allowances and assessed tax losses in certain subsidiary companies and trading losses in other subsidiary companies for which there was no tax relief in the current year.		
Estimated losses available for the reduction of future taxable income arising in certain joint venture and subsidiary companies at year-end.	**129 619**	98 218
Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint venture and subsidiary companies	**754 528**	715 332
The group has unused credits in respect of secondary tax on companies of R271,7 million (2007: R92,1 million). No deferred tax asset has been raised on these amounts as there is no certainty that the credits will to be utilised in the foreseeable future.		
Reconciliation of tax rate (%)		
Nominal tax rate	**28,00**	29,00
Adjusted for:		
Dividend income	**(0,05)**	(0,12)
Exempt income	**(0,37)**	(1,14)
Under provision relating to prior year	**0,06**	0,07
Capital gains tax	**0,07**	0,54
State's share of profits	**3,68**	1,74
Effect of foreign taxation	**0,03**	–
Disallowable expenditure	**0,19**	0,56
Secondary tax on companies	**0,58**	1,30
Impact of change in tax rate	**(0,33)**	–
Other	**0,33**	(0,47)
Effective tax rate	**32,19**	31,48
23. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Earnings per share (cents)	**11 406**	2 863
Headline earnings per share (cents)	**11 362**	2 720
The above calculations were determined using the following information:		
Earnings		
Profit attributable to shareholders of the holding company	**3 069 522**	774 704
Headline earnings		
Earnings as above	**3 069 522**	774 704
Adjusted for:		
Profit (after tax) on disposal of:		
– property, plant and equipment	**(90)**	(2 104)
– available-for-sale investments	**(19 221)**	(36 786)
Loss on disposal and scrapping of property, plant and equipment	**7 497**	207
Headline earnings	**3 057 708**	736 021
Weighted number of ordinary shares outstanding (R'000)		
Ordinary shares in issue	**28 000**	28 000
Treasury shares (note 10)	**(1 088)**	(942)
Weighted average number of shares outstanding	**26 912**	27 058

	Note	2008 R'000	2007 R'000
24. DIVIDENDS			
Dividends declared during the year			
Final dividend No. 101 of 200 cents (2007: 150 cents) per share			
– declared on 29 August 2007		**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share			
– declared on 18 February 2008		**70 000**	42 000
Less: Dividends attributable to treasury shares		**(4 392)**	(2 928)
		121 608	81 072
Per share (cents)		**452**	300
Dividends relating to the activities of the group for the year under review			
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share			
– declared on 18 February 2008		**56 000**	42 000
Final dividend No. 103 of 1000 cents (2007: 200 cents) per share			
– declared on 27 August 2008		**280 000**	56 000
Less: Dividends attributable to treasury shares		**(42 592)**	(3 416)
		293 408	94 584
Per share (cents)		**1 090**	350
25. NOTES TO THE CASH FLOW STATEMENT			
25.1 Cash generated by operations			
Profit before taxation and State's share of profits		**4 687 456**	1 172 439
Adjusted for:		**344 828**	212 435
– Dividends received		**(9 002)**	(5 034)
– Interest received		**(67 745)**	(20 676)
– Profit on disposal of property, plant and equipment		**–**	(2 458)
– Profit on disposal of available-for-sale investments		**(22 350)**	(43 025)
– Net unrealised foreign exchange gains		**(27 202)**	–
– Net unrealised foreign exchange losses		**–**	17 612
– Amortisation of intangibles	4	**180**	180
– Cost of inventories written down		**2 054**	1 255
– Depreciation on property, plant and equipment	2	**293 474**	228 417
– Finance costs	20	**71 935**	34 443
– Environmental provision discount adjustment		**2 485**	1 394
– Borrowing costs capitalised	20	**(33 919)**	(6 972)
– Foreign currency translation reserve		**11 216**	530
– Loss on disposal of property, plant and equipment		**10 040**	207
– Movements in long-term provisions		**52 057**	(695)
– Movements in short-term provisions		**63 061**	6 272
– Provision for impairment of debtors and bad debts written off		**9**	10
– Other non-cash flow items		**(1 465)**	975
		5 032 284	1 384 874
25.2 Dividend income			
Credited to the income statement		**9 002**	5 034

	2008 R'000	2007 R'000
25. NOTES TO THE CASH FLOW STATEMENT (continued)		
25.3 Movements in working capital		
Increase in inventories	**(313 737)**	(81 150)
Increase in trade and other receivables	**(1 172 830)**	(168 120)
Increase in trade and other payables	**435 450**	223 022
Increase in short-term finance raised	**2 228 056**	–
Payments against short-term provisions	**(2 754)**	(1 937)
	1 174 185	(28 185)
25.4 Taxation paid		
Unpaid at beginning of year	**(89 076)**	(56 609)
Charged to the income statement	**(1 509 091)**	(369 084)
Movement in deferred taxation	**251 429**	68 186
Unpaid at end of year	**966 127**	89 076
	(380 611)	(268 431)
25.5 Dividends paid		
Unpaid at beginning of year	**(107)**	(100)
Declared and paid during the year	**(126 000)**	(84 000)
Dividends attributable to treasury shares	**4 392**	2 928
Unpaid at end of year	**68**	107
	(121 647)	(81 065)
25.6 Cash resources at end of year		
Cash resources	**1 952 015**	280 360

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value over time. Bank overdrafts have been separately disclosed as current liabilities in the balance sheet.

26. FINANCIAL RISK MANAGEMENT

The group is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- Credit risk
- Liquidity risk
- Market risk

Details of the group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the consolidated financial statements together with information regarding management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of the group's risk management policies. The committee meets on an ad hoc basis and regularly reports to the Board on its activities. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The roles and responsibilities of the committee include:

- Approval of all counterparties;
- Approval of new instruments;
- Approval of the group's foreign exchange transaction policy;
- Approval of the investment policy;
- Approval of treasury policy; and
- Approval of long-term funding requirements.

The group also has an Internal Audit function, which undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

26.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The group minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Certain customers who have well established credit accounts are allowed to transact on open accounts. However, customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts.

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2008 R'000	2007 R'000
Trade receivables	**1 980 966**	618 196
Local	**242 258**	615 421
Foreign	**1 738 708**	2 775
Sundry receivables	**17 576**	180 323
Local	**17 576**	180 323
Foreign	**–**	–
Total carrying amount per balance sheet	**1 998 542**	798 519

Ageing

The ageing of financial assets at the reporting date is included below. The ageing categories include:

	2008				2007			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying value R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Trade receivables	**1 980 966**	**–**	**–**	**1 980 966**	618 196	–	–	618 196
Not past due, not impaired	**1 980 966**	**–**	**–**	**1 980 966**	618 196	–	–	618 196
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
Other receivables	**17 576**	**–**	**–**	**17 576**	180 323	–	–	180 323
Not past due, not impaired	**17 576**	**–**	**–**	**17 576**	180 323	–	–	180 323
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
	1 998 542	**–**	**–**	**1 998 542**	798 519	–	–	798 519

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

Security held over non-derivative financial assets

	2008 R'000	2007 R'000
Irrevocable confirmed letters of credit		
– Confirmed by local bank	–	–
– Confirmed by foreign bank	26 801	39 447
	26 801	39 447

26.2 Liquidity risk

The Executive Committee manages the liquidity structure of the group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the group as a whole. Updated cash flow information and projections of future cash flows are received from the group companies on a regular basis (depending on the type of funding required). Measures have been introduced to ensure that the cash flow information received is accurate and complete.

Surplus funds are deposited in liquid assets (ie negotiable certificates of deposits and call deposits) (refer to note 25.6).

Undrawn credit facilities

The borrowing capacity of the holding company, certain of its subsidiary companies and joint venture entities is limited by their respective Articles of Association and is based on their aggregate issued and paid up share capital, share premium and retained earnings as set out below:

	2008 R'000	2007 R'000
Assore Limited		
Authorised in terms of the Articles of Association	200 000	200 000
Less: External borrowings at year-end	–	–
Unutilised borrowing capacity	200 000	200 000
Assmang Limited		
Authorised in terms of the Articles of Association	4 986 084	2 457 643
Less: External borrowings at year-end		
– Long-term borrowings	(13 805)	(18 283)
– Overdrafts and short-term borrowings	(255 915)	(302 848)
Unutilised borrowing capacity	4 716 364	2 136 512
Minerais U.S. LLC		
Authorised in terms of the Articles of Association	392 015	280 652
External borrowings at year-end	(137 519)	(241 922)
Unutilised borrowing capacity	254 496	38 730

The general banking facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities at year-end determined at contracted, undiscounted value including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

2008	**Carrying amount R'000**	**Total cash flows R'000**	**Less than 4 months R'000**	**Between 4 and 12 months R'000**	**Between 1 and 5 years R'000**	**More than 5 years R'000**
Financial assets						
Available-for-sale investments	**590 191**	**590 191**	**–**	**–**	**–**	**590 191**
Trade and other receivables	**1 998 542**	**1 998 542**	**1 998 542**	**–**	**–**	**–**
Treasury shares	**2 341 725**	**2 341 725**	**2 341 725**	**–**	**–**	**–**
Cash deposits held by environmental trusts	**36 942**	**36 942**	**36 942**	**–**	**–**	**–**
Cash resources	**1 952 015**	**1 952 015**	**1 952 015**	**–**	**–**	**–**
	6 919 415	**6 919 415**	**6 329 224**	**–**	**–**	**590 191**
Financial liabilities						
Interest-bearing borrowings	**19 135**	**19 135**	**1 777**	**3 553**	**13 805**	**–**
Preference shares issued	**58 987**	**58 987**	**58 987**	**–**	**–**	**–**
Share warehousing facility	**2 228 056**	**2 228 056**	**2 228 056**	**–**	**–**	**–**
Trade and other payables	**1 043 517**	**1 043 517**	**1 043 517**	**–**	**–**	**–**
	3 349 695	**3 349 695**	**3 332 337**	**3 553**	**13 805**	**–**
2007						
Financial assets						
Available-for-sale investments	236 119	236 119	–	–	–	236 119
Trade and other receivables	798 519	798 519	798 519	–	–	–
Treasury shares	86 262	86 262	86 262	–	–	–
Cash deposits held by environmental trusts	36 942	29 097	29 097	–	–	–
Cash resources	1 952 015	280 360	280 360	–	–	–
	3 109 857	1 430 357	1 194 238	–	–	236 119
Financial liabilities						
Interest-bearing borrowings	22 786	22 786	1 501	3 002	18 283	–
Preference shares issued	56 929	56 929	56 929	–	–	–
Trade and other payables	608 106	608 106	608 106	–	–	–
	687 821	687 821	666 536	3 002	18 283	–

26.3 Market risk

Market risk is defined as the risk that movements in market risk factors, in particular US dollar commodity prices and the US dollar/SA rand exchange rate will affect the group's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the group's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

The group companies are responsible for the preparation and presentation of market risk information as it affects the relevant entity. Information is submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency, interest rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared for the entire group on a monthly basis.

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The group is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The Board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

At the reporting date the interest rate profile of the group's interest-bearing financial instruments was as follows:

	2008 R'000	2007 R'000
Variable rate instruments		
Liabilities		
Overdrafts and short-term borrowings	**388 103**	540 267
Preference shares	**58 987**	56 929
Finance leases	**19 135**	22 786
Share warehousing facility	**2 228 056**	–
Assets		
Cash and cash equivalents	**1 952 015**	280 360

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50-basis points in interest rates at the reporting date would have decreased profit by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the group's equity.

Cash and cash equivalents	**(10,2)**	(4,7)

Net effect on profit or loss is equal but opposite for a 50-basis points increase on the financial instruments listed above.

Commodity price and currency risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in metal and ore prices. The group has transactional foreign exchange exposures. Such exposure arises from sales or purchases by the group in currencies other than the group's functional currency. The market is predominantly priced in US dollars and euros which exposes the group to the risk that fluctuations in the SA rand exchange rates may have an adverse effect on current or future earnings.

The group manages its commodity price risk by entering into supply contracts with customers covering periods of between three months and a year, depending on the commodity traded. With respect to its exposure to foreign currency fluctuations. the group constantly reviews the extent to which its foreign currency receivables and payables are covered by forward exchange contracts taking into account changes in operational forecasts and market conditions and the group's hedging policy. No speculating in foreign currency is allowed within the group.

The group's exposure to currency risk was as follows based on the notional amounts:

	2008 US dollar (USD) R'000	**2008 Euro (EUR) R'000**	2007 US dollar (USD) R'000	2007 Euro (EUR) R'000
Assets	**212 349**	**7 274**	51 693	6 708
Trade receivables	**212 349**	**7 274**	51 693	6 708
Liabilities	**(225)**	**(997)**	(500)	(209)
Trade payables	**(225)**	**(997)**	(500)	(209)
Gross balance sheet exposure	**212 124**	**6 277**	51 194	6 499
Estimated forecast sales	**1 469 043**	**40 530**	424 601	20 864
Estimated forecast purchases	**–**	**(342)**	–	(889)
Gross exposure	**1 681 167**	**46 465**	475 795	26 473
Forward exchange contracts				
– Export sales	**–**	**–**	–	–
– Import	**–**	**–**	–	–
Net exposure	**1 681 167**	**46 465**	475 795	26 473
A 5% strengthening of the rand against the above currencies at 30 June would have decreased profit by the following amounts:				
Group	**83 156**	**3 881**	17 959	3 085

A 5% weakening of the rand against the above currencies at 30 June would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. There is no impact on the group's equity.

Forward exchange contracts

The group did not have any open forward exchange contracts at year-end (2007: Nil)

	2008			2007		
	Foreign currency notional amount USD	**Legal currency amount R'000**	**Fair value R'000**	Foreign currency notional amount USD	Legal currency amount R'000	Fair value R'000
Other						
Forward commitments of a foreign subsidiary with regard to its inventory of ores, alloys and metals:						
Purchase contracts						
US dollar	**37 700**	**280 047**	**280 047**	22 300	157 467	157 467
		280 047	**280 047**		157 467	157 467
Sales contracts						
US dollar	**68 400**	**508 096**	**508 096**	70 000	494 291	494 291
		508 096	**508 096**		494 291	494 291

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, are included below:

2008	Note	Available-for-sale R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000	Fair value R'000
Financial assets							
Available-for-sale investments	5	**590 191**	**–**	**–**	**–**	**590 191**	**590 191**
Trade and other receivables	7	**–**	**1 998 542**	**–**	**–**	**1 998 542**	**1 998 542**
Treasury shares	10	**–**	**–**	**–**	**2 341 725**	**2 341 725**	**2 341 725**
Cash deposits held by environmental trusts		**–**	**36 942**	**–**	**–**	**36 942**	**36 942**
Cash resources	25.6	**–**	**1 952 015**	**–**	**–**	**1 952 015**	**1 952 015**
		590 191	**3 987 499**	**–**	**2 341 725**	**6 919 415**	**6 919 415**
Financial liabilities							
Interest-bearing borrowings	12	**–**	**–**	**72 792**	**–**	**72 792**	**72 792**
Trade and other payables	15	**–**	**–**	**1 043 517**	**–**	**1 043 517**	**1 043 517**
Overdrafts and short-term borrowings	18	**–**	**–**	**393 433**	**–**	**393 433**	**393 433**
		–	**–**	**1 509 742**	**–**	**1 509 742**	**1 509 742**
2007							
Financial assets							
Available-for-sale investments	5	236 119	–	–	–	236 119	236 119
Trade and other receivables	7	–	798 519	–	–	798 519	798 519
Treasury shares	10	–	–	–	86 262	86 262	86 262
Cash deposits held by environmental trusts		–	29 097	–	–	29 097	29 097
Cash resources	25.6	–	280 360	–	–	280 360	280 360
		236 119	1 107 976	–	86 262	1 430 357	1 430 357
Financial liabilities							
Interest-bearing borrowings	12	–	–	75 212	–	75 212	75 212
Trade and other payables	15	–	–	608 106	–	608 106	608 106
Overdrafts and short-term borrowings	18	–	–	544 770	–	544 770	544 770
		–	–	1 228 088	–	1 228 088	1 228 088

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of loan and receivables and interest-bearing borrowings. Where there is no quoted market price a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using discounted cash flow method at market related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

27. CAPITAL MANAGEMENT

As the bulk of the group's sales are for export, the principal risks to which the group is exposed are movements in exchange rates and international market prices for the commodities which it deals mainly in manganese, iron and chrome ores and to a lesser extent ferromanganese and ferrochrome. All these markets are prices principally in US dollars and these risks are to a large extent not controllable by the group other than by the use of hedging instruments.

The group holds mineral rights over resources with remaining lines which vary in accordance with current prices (refer Resources and Reserves Statement). Decisions to exploit resources are made at Board level and only following the completion of a bankable study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The Board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise of total equity. The group may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The group manages its capital structure in light of changes in economic conditions and the Board of Directors monitors the capital adequacy, solvency and liquidity of the group on a continuous basis.

There were no changes in the group's approach to capital management during the year.

	2008 R'000	2007 R'000
28. COMMITMENTS		
Capital		
Expenditure authorised but not contracted for	**306 453**	773 408
Expenditure authorised and contracted for	**550 841**	1 921 773
	857 294	2 695 181
Commitments extend over a three-year period and will be financed from operating cash flows, undrawn committed borrowing facilities and project funding. The anticipated cash outflows are as follows:		
2008		1 376 203
2009	**857 294**	1 085 138
2010	**–**	233 840
	857 294	2 695 181
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	**683**	617
After one year but not more than five years	**2 265**	2 638
	2 948	3 255

29. CONTINGENT LIABILITIES

Holding company		
Holding company guarantees issued to bankers as security for banking facilities provided to subsidiary companies	**392 015**	329 766
Performance guarantees issued to customers by subsidiary companies	**32 034**	33 079
	424 049	362 845

The holding company has also issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2007: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility.

Joint venture entity

The termination account of a contractor that went into liquidation in 2004 before contract completion, is in dispute. This account deals with claims and counterclaims between Assmang and the contractor in liquidation. As the matter is currently in mediation, the ultimate outcome cannot presently be determined, but the directors are of the opinion that no provision needs to be made in this regard at year-end.

BEE transaction

Certain preference shares were issued as part of the BEE transaction entered in 2006. If an event of default is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply.

The group has also provided a guarantee to secure the banking facility extended to Mampa which at year-end amounted to Rnil million (2007: R9,0 million). The group in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

	2008 R'000	2007 R'000
30. INVESTMENT IN JOINT VENTURE ENTITY		
50% (2007: 50%) interest in Assmang Limited (Assmang), which is controlled jointly with African Rainbow Minerals Limited (ARM). The group financial statements include the following amounts relating to Assmang, which were proportionately consolidated:		
Income statement		
Turnover	**7 417 728**	3 063 715
Cost of sales	**(3 210 092)**	(2 038 296)
Gross profit	**4 207 636**	1 025 419
Other operating income	**(6 847)**	(7 635)
Other operating expenses	**(125 681)**	(52 293)
Income from investments	**35 957**	5 622
Finance costs	**(14 448)**	(7 762)
Profit before taxation and State's share of profits	**4 096 617**	963 351
Balance sheet		
Property, plant, equipment and intangibles	**3 891 288**	2 763 261
Other investments	**1**	–
Current assets	**4 176 085**	1 426 010
Elimination of investment in joint venture entity	**(468 153)**	(468 153)
Current liabilities – interest-bearing	**255 915**	302 848
– non-interest-bearing	**1 640 895**	545 843
Long-term borrowings – interest-bearing	**13 806**	18 283
Deferred taxation	**829 536**	590 104
Long-term provisions	**133 196**	54 134
Distributable reserves	**4 725 873**	2 209 906
Cash flows		
Cash retained from operating activities	**2 765 449**	864 480
Cash utilised in investing activities	**(1 359 832)**	(1 075 455)
Cash (utilised in)/generated by financing activities	**(51 474)**	244 061
Cash resources	**1 422 200**	68 057
Commitments		
Future capital expenditure:		
– contracted for	**435 817**	1 824 501
– not contracted for	**300 893**	763 849
	736 710	2 588 350
Contingent liabilities		
Contingent liabilities relating to the group's interest in the joint venture are referred to in note 29.		

31. SEGMENTAL INFORMATION

The group's primary segment reporting format is by business segment and its secondary reporting format by the geographical location of customers. This reflects the predominant risks and rates of return that affect the group.

Business segments

The business of the group is principally mining of ore and benefication of alloys. In addition, the group earns revenue from other sources which have been consolidated under a separate heading (refer "other" in the table below) for one of the following reasons:

– the majority of its revenue is earned from internal sales and
– its revenue from total sales is less than 10% of the total revenue, external and internal, of all segments or
– its segment result is less than 10% of the combined result of all segments in profit or loss whether on absolute amounts or
– its assets are less than 10% of the total assets of all segments.

Secondary segmental information

Geographical segment by location of customers

An analysis of the geographical locations to which product is supplied is set out below:

	Group revenue by segment 2008 R'000	Group revenue by segment 2007 R'000	**Group receivables by segment 2008 R'000**	Group receivables by segment 2007 R'000
Customers by locations				
USA	**2 240 576**	1 416 271	**180 655**	164 396
Far East	**3 419 969**	1 005 597	**681 430**	141 619
Europe	**1 834 669**	1 019 032	**400 484**	190 252
South Africa	**1 123 965**	486 919	**(107 714)**	267 901
Other – foreign	**926 630**	514 217	**843 687**	34 351
	9 545 809	4 442 036	**1 998 542**	798 519

No segmental analysis has been provided with regard to capital expenditure as all of the group's property, plant and equipment is located in South Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

31. SEGMENTAL INFORMATION (continued)

R'000	Joint venture mining and beneficiation Iron Ore Division	Manganese Division	Chrome Division	Subtotal	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation	Total
Primary segmental information								
Year to 30 June 2008								
Income statement								
Revenue	**1 387 825**	**4 776 100**	**1 253 803**	**7 417 728**	**2 452 074**	**275 345**	**(599 338)**	**9 545 809**
Contribution to earnings	**389 581**	**2 037 720**	**340 645**	**2 767 946**	**742 207**	**41 111**	**(372 899)**	**3 178 365**
Contribution to headline earnings	**389 850**	**2 043 557**	**341 514**	**2 774 921**	**725 879**	**42 035**	**(481 744)**	**3 061 091**
Balance sheet								
Consolidated total assets	**2 161 928**	**4 709 277**	**1 007 681**	**7 878 886**	**3 151 164**	**1 237 651**	**(2 206 263)**	**10 061 438**
Consolidated total liabilities	**867 088**	**1 612 995**	**412 719**	**2 892 802**	**1 352 626**	**486 857**	**1 106 753**	**5 839 038**
Other information								
Capital expenditure	**1 115 603**	**255 412**	**78 968**	**1 449 983**	**3 930**	**92 023**	**(410)**	**1 545 526**
Depreciation and amortisation	**120 587**	**91 990**	**54 996**	**267 573**	**2 285**	**6 362**	**17 434**	**293 654**
Net cash inflow from operating activities	**354 970**	**2 087 438**	**323 041**	**2 765 449**	**809 887**	**64 538**	**2 051 733**	**5 691 607**
Cash outflow from investing activities	**(1 040 005)**	**(244 231)**	**(75 596)**	**(1 359 832)**	**(125 965)**	**(110 161)**	**(2 269 212)**	**(3 865 170)**
Cash (outflow)/inflow from financing activities	**140 528**	**–**	**(192 002)**	**(51 474)**	**(381 117)**	**56 801**	**221 008**	**(154 782)**
Year to 30 June 2007								
Income statement								
Revenue	1 081 712	1 345 111	636 893	3 063 716	1 490 752	137 415	(249 847)	4 442 036
Contribution to earnings	339 743	287 943	38 397	666 083	305 878	810	(169 416)	803 355
Contribution to headline earnings	339 696	287 649	38 110	665 455	268 205	428	(198 067)	736 021
Balance sheet								
Consolidated total assets	1 631 372	1 425 567	841 397	3 898 336	2 147 945	365 828	(1 088 648)	5 323 461
Consolidated total liabilities	726 114	127 501	587 079	1 440 694	1 002 982	283 481	(683 076)	2 044 081
Other information								
Capital expenditure	867 261	148 827	99 540	1 115 628	4 629	103 843	(5 031)	1 219 069
Depreciation and amortisation	80 141	75 074	47 313	202 528	2 143	5 960	17 966	228 597
Net cash inflow/(outflow) from operating activities	496 946	225 871	141 664	864 481	156 383	3 503	(50 286)	974 081
Cash outflow from investing activities	(854 533)	(148 328)	(72 595)	(1 075 456)	47 627	(90 892)	(32 389)	(1 151 110)
Cash (outflow)/inflow from financing activities	(313 027)	–	68 967	(244 060)	(90 113)	75 990	566 678	308 495

	2008 R'000	2007 R'000

32. RELATED PARTY TRANSACTIONS

Transactions with related parties are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.

The following significant related party transactions occurred during the year:

Joint venture company		
Assmang Limited		
– gross commissions received	**520 103**	208 818
– amounts payable to related parties at year-end	**68 848**	8 857
– amounts receivable from related parties at year-end	**35 786**	10 656
Refer to note 30 for details of the joint venture entity		
Subsidiary companies		
Key management personnel of the group	**109 091**	55 260
Foreign subsidiary		
Minerais U.S. LLC		
– commissions received	**36 332**	13 079
– amounts receivable from related party transactions at year-end	**92 312**	8 999

The group holds a 51% share in Minerais U.S. LLC (Minerais) which is a limited liability company registered in the state of New Jersey in the United States of America (USA). Minerais is responsible for marketing and sales administration of the group's products in the USA, and trades in various commodities related to the steel making industry.

Refer to note 29 for details of security and guarantees provided on behalf of related parties.

33. RETIREMENT BENEFIT INFORMATION

33.1 Pensions

The group provides retirement benefits through defined benefit pension funds and defined contribution provident funds.

Defined benefit fund – Assore Pension Fund

The pension fund is a defined benefit fund. The most recent statutory actuarial valuation of the fund was performed as at 1 July 2005 and revealed a 93,2% funding level. An interim funding check was performed for financial reporting purposes as at 1 July 2008 which revealed a 104,5% funding level (2007: 113,5%). The financial positions at the various dates are set out below:

	Interim funding check 1 July 2008 R'000	Interim funding check 1 July 2007 R'000	Statutory valuation 1 July 2005 R'000
Value of assets	**234 495**	217 597	121 918
Value of liabilities	**224 319**	191 661	130 749
Surplus/(shortfall)	**10 176**	25 936	(8 831)
(Surplus)/deficit not recognised as an asset	**(10 176)**	(25 936)	8 831
Net position	–	–	–

Contributions to the fund by the group which were expensed during the year amounted to R10,0 million (2007: R8,6 million)

The principal actuarial assumptions for the valuations include:	**2008 %**	2007 %	2005 %
– Pre-retirement discount rate	**10,90**	8,30	7,50
– Price inflation rate	**8,70**	5,40	5,00
– Salary inflation rate	**9,60**	6,40	6,00
– Pension increases	**6,52**	4,10	3,75
– Post-retirement interest rate	**4,40**	4,00	4,50

33. RETIREMENT BENEFIT INFORMATION (continued)

33.1 Pensions (continued)

Other

– Active mortality – Nil
– Pensioner mortality PA (90) – Ultimate table
– Merit salary increases as per sliding scale depending on age starting at 5% per annum below age 25, and reducing to zero above age 50.
– Spouse's benefits for active members – on average, husbands are assumed to be two years older than their wives, and married at date of retirement.
– For current pensioners, their actual marital status and, where applicable, the exact age of their spouse has been taken into account.

Statutory valuations are carried out every three years and the next valuation is due to be performed as at 1 July 2008.

Defined contribution plan – Assmang Pension and Provident Funds

Assmang has made provision for pension plans covering all employees which comprise a defined contribution pension fund and two defined contribution provident funds administered by employee organisations within the industries in which members are employed.

Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to a pension plan, past service cost is recognised immediately.

Reviews of the plans are carried out by independent actuaries at regular intervals. Contributions to the funds are 15,0% of payroll, split on an agreed basis between members and the employer.

The amount expensed in the current year was R20,2 million (2007: R15,8 million).

33.2 Medical aid

Subsidiary companies

Subsidiary companies within the group have obligations to fund the medical aid costs of certain employees and pensioners. Agreement has been reached with the pensioners and applicable members of staff in terms of which these obligations have been converted to either purchased annuities or a series of lump sum payments into the defined benefit pension fund on their behalf. The payments or premiums concerned were calculated by an independent actuary and have resulted in the liabilities arising from these obligations being settled.

Medical aid contributions paid on behalf of current members of staff and pensioners by subsidiary companies amounted to R3,0 million (2007: R2,9 million).

Joint venture entity

The joint venture entity, Assmang, has obligations to fund a portion of certain 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 (refer note 14).

The following table summarises the components of the net benefit expense recognised in the income statements of the joint venture entity.

	2008 R'000	2007 R'000
Current service cost	**651**	438
Interest cost on benefit obligation	**1 429**	2 062
Benefits	**(595)**	(560)
Net actuarial gain recognised during the year	**867**	(6 685)
Net benefit movement for the year	**2 352**	(4 745)

The liability is assessed periodically by an independent actuarial survey based on the following principal actuarial assumptions:

– a net discount rate of 1,0% per annum;
– an increase in health care costs at a rate of 7,92% per annum; and
– assumed rate of return on assets at 9% per annum.

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full. The most recent actuarial valuation was conducted on 30 June 2007 for the year ended 30 June 2007.

The provisions raised in respect of post-retirement health care benefits amounted to R18,5 million (2007: R16,2 million) at the end of the year. Of this amount R2,4 million (2007: R4,7 million) was charged against income in the current year.

Medical aid contributions paid on behalf of current members of staff and pensioners by the joint venture entity during the year amounted to R29,7 million (2007: R24,3 million).

COMPANY FINANCIAL STATEMENTS CONTENTS

COMPANY BALANCE SHEET at 30 June 2008

	Note	2008 R'000	2007 R'000
ASSETS			
Non-current assets			
Investment in group companies	2	**495 593**	495 593
Available-for-sale investments	3	**590 190**	236 119
Loans to group companies		**145 074**	67 641
		1 230 857	799 353
Current assets			
Trade and other receivables		**134**	–
Amounts due from group companies		**65**	34 830
Cash resources		**71**	54 868
		270	89 698
Total assets		**1 231 127**	889 051
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	4	**700**	700
Share premium	5	**30 358**	30 358
Retained earnings		**497 864**	390 038
Other reserves	6	**351 638**	169 644
Total equity		**880 560**	590 740
Non-current liabilities			
Loans from group companies		**262 080**	262 080
Deferred taxation	7	**56 992**	29 317
		319 072	291 397
Current liabilities			
Trade and other payables		**28 378**	173
Taxation		**3 117**	6 741
		31 495	6 914
Total equity and liabilities		**1 231 127**	889 051

COMPANY CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Cash retained from operating activities		**144 688**	5 413
Cash generated by operating activities		**280 138**	104 525
Cash utilised in operations	12.1	**(31 243)**	(1 100)
Investment income	12.2	**248 506**	120 351
Movements in working capital	12.3	**62 875**	(14 726)
Interest income		**1 307**	1 764
Finance costs		**(3 600)**	(10)
Taxation paid	12.4	**(7 118)**	(16 873)
Dividends paid	12.5	**(126 039)**	(83 993)
Cash (utilised in)/generated from investing activities		**(122 052)**	53 447
Acquisition of available-for-sale investments		**(149 084)**	–
Proceeds on disposal of available-for-sale investments		**27 032**	53 447
Cash generated by financing activities			
Movement in group company balances		**(77 433)**	(4 212)
Cash resources			
– (decrease)/increase for the year		**(54 797)**	54 648
– at beginning of year		**54 868**	220
– at end of year		**71**	54 868

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	2008 R'000	2007 R'000
Share capital		
Balance at beginning and end of year	**700**	700
Share premium		
Balance at beginning of year	**30 358**	30 358
Other reserves		
Balance at beginning of year	**169 644**	100 419
Net increase in the market value of available-for-sale investments	**209 669**	76 791
Deferred capital gains taxation provided on revaluation of available-for-sale investments to market value	**(27 675)**	(7 566)
Balance at end of year	**351 638**	169 644
Retained earnings		
Balance at beginning of year	**390 038**	316 768
Profit per income statement	**233 826**	157 270
Ordinary dividends declared during the year		
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007	**(56 000)**	(42 000)
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**(70 000)**	(42 000)
Balance at end of year	**497 864**	390 038
Share capital and reserves at year-end per balance sheet	**880 560**	590 740

		Issued share capital 2008/2007 R	Direct interest in share capital 2008/2007 %	Shares at cost 2008/2007 R'000	Amounts due from/(to) subsidiary companies 2008 R'000	2007 R'000
1.	INTEREST OF COMPANY IN ITS SUBSIDIARY COMPANIES					
	Incorporated in South Africa					
	Ordinary shares					
	African Mining and Trust Company Limited	1 000 000	100	1 200	110 465	94 830
	Ceramox (Proprietary) Limited	100	100	1 124	–	–
	Erven 40 and 41 Illovo (Proprietary) Limited	100	100	–	–	–
	Erven 27 and 28 Illovo (Proprietary) Limited	100	100	–	–	–
	Erf 1263 Parkview Extension 1 (Proprietary) Limited	1	100	–	–	–
	General Nominees (Proprietary) Limited ^	4	100	–	–	–
	Main Street 460 (Proprietary) Limited	100	100	–	34 672	7 640
	Ore & Metal Company Limited	100 000	100	105	(262 080)	(262 080)
	Rustenburg Minerals Development Company (Proprietary) Limited	232 143	56	–	–	–
	Wonderstone Limited	10 000	100	10	–	–
	Wonderstone 1937 Limited ^	45 940	100	35	–	–
	Xertech (Proprietary) Limited	100	100	–	–	–
	Zeerust Chrome Mines Limited	1 300 000	100	1 114	–	–
	Incorporated in Namibia					
	Krantzberg Mines Limited ^	500 000	100	–	–	–
	Incorporated in Mozambique					
	Amhold Limitada ^	2	100	–	–	–
	Incorporated in United States of America					
	Minerais US LLC	17 756 100	51	11 418	–	–
	Preference shares					
	Main Street 350 (Proprietary) Limited	5	–	25 000	2	1
				40 006	(116 941)	(159 609)
	Less: – held indirectly			(11 452)		
	– provided against			(1 114)		
	Per note 2			27 440	(116 941)	(159 609)

^ *Dormant companies*

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

	2008 R'000	2007 R'000
2. INVESTMENT IN GROUP COMPANIES		
Joint venture entity (refer note below)	**468 153**	468 153
Subsidiary companies (refer note below)	**27 440**	27 440
	495 593	495 593
Investment in joint venture entity		
Assmang Limited		
1 774 103 (2007:1 774 103) ordinary shares at cost	**468 153**	468 153
Investment in subsidiary companies (refer to note 1)		
Shares at cost	**27 440**	27 440
Amounts due (to)/by subsidiary companies		
Loan accounts receivable	**145 074**	67 641
Current accounts receivable	**65**	34 830
Loan accounts payable	**(262 080)**	(262 080)
	(116 941)	(159 609)
The loans due to and from subsidiary companies are interest free and have no fixed repayment dates.		
3. AVAILABLE-FOR-SALE INVESTMENTS		
Listed – at market value	**590 065**	235 994
Balance at beginning of year	**235 994**	169 625
Purchases at cost	**149 083**	–
Disposals at carrying value	**(4 681)**	(10 422)
Fair value adjustment	**209 669**	76 791
Unlisted – at cost and directors' valuation	**125**	125
	590 190	236 119
Listed – at cost	**181 436**	37 033
Fair value adjustment transferred to other reserves (refer note 6)	**408 630**	198 961
As above	**590 065**	235 994
4. SHARE CAPITAL		
Authorised		
40 000 000 (2007: 40 000 000) ordinary shares of 2,5 cents each	**1 000**	1 000
Balance at beginning and end of year (28 000 000 ordinary shares of 2,5 cents each)	**700**	700
5. SHARE PREMIUM		
Balance at beginning and end of year	**30 358**	30 358
6. OTHER RESERVES		
Surplus on the revaluation to fair value (after tax) of available-for-sale investments	**408 630**	198 961
Less: Deferred capital gains taxation	**(56 992)**	(29 317)
	351 638	169 644
7. DEFERRED TAXATION		
Balance at beginning of year	**29 317**	21 751
Arising on the revaluation of available-for-sale investments at year-end. (refer note 6)	**27 382**	7 566
Rate adjustment	**293**	–
Balance at end of year	**56 992**	29 317

	2008 R'000	2007 R'000
8. REVENUE		
Revenue comprises:		
Dividends received	**248 506**	120 351
Interest received	**1 307**	1 764
	249 813	122 115
9. PROFIT BEFORE TAXATION		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
Income		
Dividends received	**248 506**	120 351
Joint venture entity	**239 504**	115 317
Available-for-sale investments	**9 002**	5 034
Interest received	**1 307**	1 764
Expenditure		
Auditors' remuneration – audit fees	**94**	71
– audit fees	**83**	71
– underprovision in prior year	**11**	–
Directors' remuneration	**60 028**	36 456
– directors' fees	**923**	778
– other services	**59 105**	35 678
10. TAXATION		
South African normal tax		
– current year	**365**	508
– underprovisions relating to prior years	**–**	13
Capital gains tax	**3 129**	6 239
	3 494	6 760

The company has unused credits in respect of secondary tax on companies of R271,7 million (2007: R92,1 million). No deferred tax asset has been raised on these amounts as there is no certainty that the credits will to be utilised in the foreseeable future.

Reconciliation of tax rate (%)		
Nominal tax rate	**28,00**	29,00
Adjusted for:		
Dividend income	**(29,32)**	(21,28)
Exempt income	**(2,64)**	(7,61)
Capital gains tax on disposal of available-for-sale investments	**1,32**	3,80
Underprovisions prior years	**–**	0,01
Disallowable expenditure	**4,11**	0,19
Other	**–**	0,01
Effective tax rate	**1,47**	4,12

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

	2008 R'000	2007 R'000
11. DIVIDENDS		
Dividends declared		
Final dividend No. 101 of 200 cents (2007: 150 cents) per share		
– declared on 29 August 2007	**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share		
– declared on 18 February 2008	**70 000**	42 000
	126 000	84 000
Per share (cents)	**450**	300
Dividends relating to the activities of the company for the year under review		
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share		
– declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents (2007: 200 cents) per share		
– declared on 27 August 2008	**280 000**	56 000
	350 000	98 000
Per share (cents)	**1 250**	350
12. NOTES TO THE CASH FLOW STATEMENTS		
12.1 Cash utilised in operations		
Profit before taxation	**237 320**	164 030
Adjusted for:		
	(268 563)	(165 130)
– Dividends received	**(248 506)**	(120 351)
– Interest received	**(1 307)**	(1 764)
– Profit on disposal of available-for-sale investments	**(22 350)**	(43 025)
– Finance costs	**3 600**	10
	(31 243)	(1 100)
12.2 Investment income		
Credited to the income statement	**248 506**	120 351
12.3 Movements in working capital		
Increase in trade and other receivables	**(134)**	–
Decrease/(increase) in amounts owing by group companies	**34 765**	(14 714)
Increase/(decrease) in trade and other payables	**28 244**	(12)
	62 875	(14 726)
12.4 Taxation paid		
Unpaid at beginning of year	**(6 741)**	(16 854)
Charged to the income statements	**(3 494)**	(6 760)
Unpaid at end of year	**3 117**	6 741
	(7 118)	(16 873)
12.5 Dividends paid		
Unpaid at beginning of year	**(107)**	(100)
Declared during the year	**(126 000)**	(84 000)
Unpaid at end of year	**68**	107
	(126 039)	(83 993)

13. FINANCIAL RISK MANAGEMENT

The company is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- Credit risk
- Liquidity risk
- Market risk

Details of the company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the company's financial statements together with information regarding management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of the company's risk management policies. The committee meets on an ad hoc basis and regularly reports to the Board on its activities. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The roles and responsibilities of the committee include:

- Approval of all counterparties;
- Approval of new instruments;
- Approval of the company's foreign exchange transaction policy;
- Approval of the investment policy;
- Approval of treasury policy; and
- Approval of long-term funding requirements.

The company also has an Internal Audit function, which undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

13.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The group minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Certain customers who have well established credit accounts are allowed to transact on open accounts. However, customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts.

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2008 R'000	2007 R'000
Trade receivables	**134**	–
Local	**134**	–
Foreign	**–**	–
Total carrying amount per balance sheet	**134**	–

13. FINANCIAL RISK MANAGEMENT (continued)

13.1 Credit risk (continued)

Ageing

The ageing of financial assets at the reporting date is included below. The ageing categories include:

	2008				2007			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying value R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Trade receivables	**134**	**–**	**–**	**134**	–	–	–	–
Not past due, not impaired	**134**	**–**	**–**	**134**	–	–	–	–
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
	134	**–**	**–**	**134**	–	–	–	–

Security held over non-derivative financial assets

Trade receivables are unsecured.

13.2 Liquidity risk

The Executive Committee manages the liquidity structure of the company's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the company as a whole.

Surplus funds are deposited in liquid assets (ie negotiable certificates of deposits and call deposits).

Undrawn credit facilities

The borrowing capacity of the company is limited by its Articles of Association and is based on its aggregate issued and paid up share capital, share premium and retained earnings. The extent of the facilities available to the company are set out below:

	2008 R'000	2007 R'000
Authorised in terms of the Articles of Association	**200 000**	200 000
Less: External borrowings at year-end	**–**	–
Unutilised borrowing capacity	**200 000**	200 000

The general banking facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

Exposure to liquidity risk

The following are the cash flows of the company's financial assets and liabilities at year-end determined at contractual, undiscounted value including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

2008	Carrying amount R'000	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
Financial assets						
Available-for-sale investments	**590 190**	**590 190**	**–**	**–**	**–**	**590 190**
Investment in group companies	**495 593**	**495 593**	**–**	**–**	**–**	**495 593**
Loans to group companies	**145 074**	**145 074**	**–**	**–**	**–**	**145 074**
Trade and other receivables	**134**	**134**	**134**	**–**	**–**	**–**
Amounts due from group companies	**65**	**65**	**65**	**–**	**–**	**–**
Cash resources	**71**	**71**	**71**	**–**	**–**	**–**
	1 231 127	**1 231 127**	**270**	**–**	**–**	**1 230 857**
Financial liabilities						
Loans from group companies	**262 080**	**262 080**	**–**	**–**	**262 080**	**–**
Trade and other payables	**28 378**	**28 378**	**28 378**	**–**	**–**	**–**
	290 458	**290 458**	**28 378**	**–**	**262 080**	**–**
2007						
Financial assets						
Available-for-sale investments	236 119	236 119	–	–	–	236 119
Investment in group companies	495 593	495 593	–	–	–	495 593
Loans to group companies	67 641	67 641	–	–	–	67 641
Trade and other receivables	–	–	–	–	–	–
Amounts due from group companies	34 830	34 830	34 830	–	–	–
Cash resources	54 868	54 868	54 868	–	–	–
	889 051	889 051	89 698	–	–	799 353
Financial liabilities						
Loans from group companies	262 080	262 080	–	–	262 080	–
Trade and other payables	173	173	173	–	–	–
	262 253	262 253	173	–	262 080	–

13.3 Market risk

Market risk is defined as the risk that movements in market risk factors will affect the company's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the company's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

Market risk information is prepared and submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency and interest rates and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared on a monthly basis.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The Board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

13. FINANCIAL RISK MANAGEMENT (continued)

13.3 Market risk (continued)

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was as follows:

	2008 R'000	2007 R'000
Variable rate instruments		
Assets		
Cash and cash equivalents	**71**	54 868

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50-basis points in interest rates at the reporting date would have increased profit by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the company's equity.

Cash and cash equivalents	**–**	1

Net effect on profit or loss is equal but opposite for a 50-basis points increase on the financial instruments listed above.

13.4 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, are included below:

2008	Note	Available-for-sale R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000	Fair value R'000
Financial assets						
Available-for-sale investments	3	**590 190**	**–**	**–**	**590 190**	**590 190**
Investment in group companies	2	**495 593**	**–**	**–**	**495 593**	**495 593**
Loans to group companies		**–**	**145 074**	**–**	**145 074**	**145 074**
Trade and other receivables		**–**	**134**	**–**	**134**	**134**
Amounts due from group companies		**–**	**65**	**–**	**65**	**65**
Cash resources		**–**	**71**	**–**	**71**	**71**
		1 085 783	**145 344**	**-**	**1 231 127**	**1 231 127**
Financial liabilities						
Loans from group companies		**–**	**–**	**262 080**	**262 080**	**262 080**
Trade and other payables		**–**	**–**	**28 378**	**28 378**	**28 378**
		–	**–**	**290 458**	**290 458**	**290 458**
2007						
Financial assets						
Available-for-sale investments	3	236 119	–	–	236 119	236 119
Investment in group companies	2	495 593	–	–	495 593	495 593
Loans to group companies		–	67 641	–	67 641	67 641
Trade and other receivables		–	–	–	–	–
Amounts due from group companies		–	34 830	–	34 830	34 830
Cash resources		–	54 868	–	54 868	54 868
		731 712	157 339	–	889 051	889 051
Financial liabilities						
Loans from group companies		–	–	262 080	262 080	262 080
Trade and other payables		–	–	173	173	173
		–	–	262 253	262 253	262 253

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of loan and receivables and interest-bearing borrowings. Where there is no quoted market price a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using discounted cash flow method at market related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

14. CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lines which vary in accordance with current prices (refer Resources and Reserves Statement). Decisions to exploit resources would be made at Board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The Board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise of total equity. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the Board of Directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

There were no changes in the company's approach to capital management during the year.

	2008 R'000	2007 R'000
15. CONTINGENT LIABILITIES		
Guarantees		
Guarantees issued to bankers as security for facilities provided to subsidiary companies	**392 015**	329 766

Joint venture entity

The company has issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2007: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility.

BEE transaction

Certain preference shares were issued as part of the BEE transaction entered in 2006. If an event of default is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply. The company has also provided a guarantee to secure the banking facilitation extended to Mampa which at year-end amounted to Rnil million (2007: R9,0 million). The company in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

NOTICE TO MEMBERS

Notice is hereby given that the fifty-eighth Annual General Meeting of members of Assore Limited ("Assore" or "the company") will be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 28 November 2008 at 10h30 for the following purposes:

1. To receive and consider the annual financial statements of Assore and its group for the year ended 30 June 2008.
2. To elect directors in place of Messrs D Sacco and P C Crous, who retire in accordance with the provisions of Assore's Articles of Association but offer themselves for re-election. (Refer footnote to this notice for a short *curriculum vitae* of the directors concerned).
3. To transact any other business which may be transacted at an Annual General Meeting.

Voting and proxies

Members holding certificated shares and members who have dematerialised their shares and have elected own name registration in the sub-register maintained by their Central Securities Depository Participant (CSDP), may attend, speak and vote at the Annual General Meeting or may appoint one or more proxies (who need not be members of the company) to attend, speak and vote at the Annual General Meeting on behalf of such shareholder. A proxy form is attached to this notice of Annual General Meeting. Duly completed proxy forms must be returned to the transfer secretaries of Assore or the registered office of Assore, to be received by no later than 10h30 on Wednesday, 26 November 2008.

Members who have dematerialised their shares through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders do not wish to attend the Annual General Meeting but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

By order of the board
African Mining and Trust Company Limited
Secretaries

Johannesburg
October 2008

Footnote to item 2 of the agenda

Directors retiring by rotation and available for re-election:

Desmond Sacco
Chairman
BSc (Hons) (Geology) (Wits) (Unisa)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore Board in 1974 and, on retirement of his father in 1992, he was appointed Chairman and Managing Director. In that year, he was also appointed Deputy Chairman of Assmang Limited and in 1999, he became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

Phillip Christiaan Crous
Group Technical Director
BSc (Eng), BComm, MBA

Phil trained as a mining engineer obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 he took up a position with Assmang where he advanced to Mine Manager. In 1982 he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988 he joined manufacturing company Sandock-Austral as Managing Director. In 1991 he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang Board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

FORM OF PROXY

Assore Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1950/037394/06)
Share code: ASR ISIN: ZAE 000017117
("Assore" or "the company")

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected own name registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), at the Annual General Meeting to be held at 10h30 on Friday, 28 November 2008.

Members who have dematerialised their share certificates through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP who wish to attend the Annual General Meeting, should not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders do not wish to attend the Annual General Meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We _____

(Name in block letters)
of _____

(Address)
being the holder/s of _____ ordinary shares

in the company, hereby appoint (see note 1)
1. _____

of _____ or failing him

2. _____

of _____ or failing him

3. the chairman of the company, or failing him, the chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 28 November 2008 at 10h30 or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
Adoption of annual financial statements			
Election of retiring directors:			
– D Sacco			
– P C Crous			

Signed at _____ on _____ 2008

Signature _____

Assisted by me (where applicable) _____

Please see notes overleaf

NOTES TO THE FORM OF PROXY

1. A member is entitled to appoint one or more proxies (none of whom need be a member of the company) to attend, speak and vote in the place of that member at the Annual General Meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the company, or failing him, the chairman of the Annual General Meeting". The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member's instructions to the proxy must be indicated by the insertion of an 'X' in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting, if he is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or abstain from voting at the Annual General Meeting as he deems fit, in respect of the member's total holding.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

4. Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every member shall have one vote for every ordinary share held.

5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of joint holding.

6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the Annual General Meeting.

7. Forms of proxy must be lodged at, or posted to, the registered office of the company or the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107) to be received by not later than 10h30 on Wednesday, 26 November 2008.