

OUTLOOK

Despite the increase in earnings compared to the same period in the previous fiscal year; trading conditions have changed radically since the world economic turmoil set in at the beginning of October 2008. Since the end of the period under review these conditions have deteriorated further making it impossible to determine the outlook for the second half with any certainty or to provide any comment with regard to market recovery. Results of the group continue to be significantly exposed to fluctuations in exchange rates and the bulk of the group's sales remain in the export market.

DIVIDENDS

The results in the announcement include the final dividend relating to the previous financial year of 1 000 cents (2007: 200 cents) per share, which was declared on 27 August 2008 and paid to shareholders on 22 September 2008. Based on the increased earnings for the current period the board has declared an interim dividend of 1 000 cents (2007: 250 cents) per share, which will be paid to shareholders on or about 16 March 2009. In accordance with Generally Accepted Accounting Practice, this interim dividend is not included in the results for the period under review as it was declared after 31 December 2008.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial results for the period under review have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with IAS 34 – Interim Reporting, issued by the International Accounting Standards Board. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2008, with the exception of the adoption of the following policies in response to changes in IFRS:

- IAS 39 and IFRS 7 – Reclassification of Financial Assets – Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures
- IFRIC 12 – Service Concession Agreements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 and IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these amendments to standards and interpretations has had no effect on the financial statements of the group except for the disclosure of additional information.

DECLARATION OF INTERIM DIVIDEND

Interim dividend No. 104 of 1 000 cents per share was declared on 17 February 2009, in the currency of the Republic of South Africa. In accordance with STRATE, the following dates apply to the dividend declared:

- The last trading date to qualify for the dividend (and for changes of address or dividend instructions) will be Friday, 6 March 2009.
- The company's ordinary shares will commence trading "ex dividend" from the commencement of business on Monday, 9 March 2009.
- The record date will be Friday, 13 March 2009.
- Dividend cheques in payment of this dividend to holders of certificated shares will be posted on or about Monday, 16 March 2009. Electronic payment to holders of certificated shares will be undertaken simultaneously.

Holders of dematerialised shares will have their accounts at their Central Securities Depository Participant or broker credited on Monday, 16 March 2009.

Share certificates may not be dematerialised or rematerialised between Monday, 9 March 2009 and Friday, 13 March 2009, both days inclusive.

On behalf of the board

Desmond Sacco
Chairman

CJ Cory
Chief Executive Officer

Johannesburg
19 February 2009

Registered office

Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg 2196

Transfer office

Computershare Investor
Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

Directors

Executive
Desmond Sacco (*Chairman*)
RJ Carpenter (*Deputy Chairman*)
CJ Cory (*Chief Executive Officer*)
PC Crous (*Technical and Operations*)

Non-executive

BM Hawsworth
MC Ramaphosa
EM Southey
Dr JC van der Horst

Alternate

JW Lewis (*British*)
NG Sacco
PE Sacco
R Smith

Company secretaries

African Mining and Trust Company Limited

Assore Limited

Company Registration Number: 1950/037394/06
Share code: ASR ISIN: ZAE000017117



INTERIM RESULTS | 09

FOR THE HALF-YEAR ENDED
31 DECEMBER 2008

- Strong markets and record sales in first quarter
- Headline earnings increased by more than 3,5 times to R2,98 billion
- Interim dividend increased from 250 cents to 1 000 cents per share
- Second half will be significantly affected by world economic downturn



CONSOLIDATED INCOME STATEMENT

	Half-year ended		Year ended
	31 December 2008 Unaudited R 000	31 December 2007 Unaudited R'000	30 June 2008 Audited R'000
Turnover	6 387 524	2 965 965	9 158 937
Cost of sales	(2 338 355)	(1 989 074)	(4 668 547)
Gross profit	4 049 169	976 891	4 490 390
Profit on disposal of available-for-sale investments	—	22 350	22 350
Other income	955 470	151 526	611 737
Other expenses	(138 956)	(95 790)	(399 005)
Finance costs	(189 517)	(14 411)	(38 016)
Profit before taxation and State's share of profits	4 676 166	1 040 566	4 687 456
Taxation and State's share of profits	(1 642 159)	(341 869)	(1 509 091)
Profit for the period	3 034 007	698 697	3 178 365
Earnings attributable to:			
Shareholders of the holding company	2 980 574	670 926	3 069 522
Minority shareholders	53 433	27 771	108 843
Profit for the period (as above)	3 034 007	698 697	3 178 365
Attributable earnings as above	2 980 574	670 926	3 069 522
Profit on disposal (net of tax) of:			
– Available-for-sale investments	—	(19 110)	(19 221)
– Property, plant and equipment	(3 902)	(191)	7 407
Headline earnings	2 976 672	651 625	3 057 708
Earnings per share (cents)	12 461	2 485	11 406
Headline earnings per share (cents)	12 444	2 413	11 362
Dividends per share declared in respect of the abovementioned earnings (cents)	1 000	250	1 250
– Interim	1 000	250	250
– Final			1 000
Weighted average number of ordinary shares for the period (million)			
Ordinary shares in issue	27,75	28,00	28,00
Treasury shares			
– Held by group companies	(2,92)	(0,09)	(0,18)
– Held by Bokamoso Trust	(0,91)	(0,91)	(0,91)
Weighted average ordinary shares for the period	23,92	27,00	26,91
Net asset value per share (Rand)	279,0	145,7	175,9
Capital expenditure (R million)	806,8	823,6	1 537,0
Capital commitments (R million)	2 002,5	1 363,3	857,3

CONSOLIDATED CASH FLOW STATEMENT

	Half-year ended		Year ended
	31 December 2008 Unaudited R 000	31 December 2007 Unaudited R'000	30 June 2008 Audited R'000
Cash generated from operations	2 911 436	714 824	5 657 688
Cash utilised in investing activities	(905 399)	(925 423)	(3 823 406)
Cash (utilised)/generated by financing activities	(38 435)	205 136	(154 782)
Increase/(decrease) in cash for the period	1 967 602	(5 463)	1 679 500
Cash resources at beginning of period	1 988 957	309 457	309 457
Cash resources per balance sheet	3 956 559	303 994	1 988 957

CONSOLIDATED BALANCE SHEET

	At	At	At
	31 December 2008 Unaudited R 000	31 December 2007 Unaudited R'000	30 June 2008 Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment, investment properties and intangible assets	4 820 765	3 673 968	4 196 018
Available-for-sale investments	363 403	429 928	590 191
Total non-current assets	5 184 168	4 103 896	4 786 209
Current assets			
Inventories	2 051 088	1 126 740	1 287 730
Trade and other receivables	2 131 131	981 427	1 998 542
Cash resources	3 956 559	303 994	1 988 957
Total current assets	8 138 778	2 412 161	5 275 229
TOTAL ASSETS	13 322 946	6 516 057	10 061 438
EQUITY AND LIABILITIES			
Share capital and reserves			
Ordinary shareholders' interest	6 578 190	3 879 031	4 110 872
Minority shareholders' interest	99 859	45 780	111 528
Total equity	6 678 049	3 924 811	4 222 400
Non-current liabilities			
Deferred taxation	1 076 861	630 288	899 701
Long-term liabilities	232 085	273 349	223 320
Total non-current liabilities	1 308 946	903 637	1 123 021
Current liabilities			
Interest-bearing	2 589 062	650 841	2 621 489
Non-interest bearing	2 746 889	1 036 768	2 094 528
Total current liabilities	5 335 951	1 687 609	4 716 017
TOTAL EQUITY AND LIABILITIES	13 322 946	6 516 057	10 061 438

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half-year ended		Year ended
	31 December 2008 Unaudited R 000	31 December 2007 Unaudited R'000	30 June 2008 Audited R'000
Share capital, share premium and other reserves			
Balance at beginning of period	389 173	201 459	201 459
Net (decrease)/increase in the market value of available-for-sale investments	(298 676)	69 650	209 669
Deferred capital gains taxation on changes in market value of available-for-sale investments	41 815	(9 408)	(27 675)
Foreign currency translation reserve arising on consolidation	15 957	(1 389)	5 720
Balance at end of period	148 269	260 312	389 173
Treasury shares			
Balance at beginning of period	(2 341 725)	(86 262)	(86 262)
Treasury shares purchased during the period	(31 503)	(27 407)	(27 407)
Treasury shares warehoused	—	—	(2 228 056)
Cancellation of treasury shares			
– Value of shares cancelled	248 729	—	—
– Costs of shares cancelled	(786)	—	—
Balance at end of period	(2 125 285)	(113 669)	(2 341 725)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Half-year ended		Year ended
	31 December 2008 Unaudited R 000	31 December 2007 Unaudited R'000	30 June 2008 Audited R'000
Retained earnings			
Balance at beginning of period	6 063 424	3 115 510	3 115 510
Attributable profit for the period	2 980 574	670 926	3 069 522
Treasury shares repurchased and cancelled during the period	(248 729)	—	—
Ordinary dividends declared			
No. 103 aggregating R10,00 per share (2007: R2,00 per share)	(240 063)	(54 048)	(121 608)
Balance at end of period	8 555 206	3 732 388	6 063 424
Per balance sheet	6 578 190	3 879 031	4 110 872

COMMENTARY

Headline earnings for the six months to 31 December 2008 have increased by 357% to R2 976,7 million due to the significant increase in the earnings of Assmang Limited (Assmang), and the increased commissions earned on the higher sales of group products. Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards (IFRS).

Assmang's headline earnings increased by 391% to R5 628 million compared to the same period of the previous year, despite lower sales volumes for all products, except for iron ore. The significant increase in earnings was attributable to substantially higher US Dollar prices for all products and a weakening of the SA Rand against the US Dollar, particularly in the second fiscal quarter. Markets for all products were strong in the first fiscal quarter with prices and volumes driven by increased production of carbon and stainless steels worldwide, particularly in China. The second quarter saw a dramatic deterioration in market conditions on the back of the current world economic turmoil, which has resulted in decreased demand for all group products, except for iron ore, where export volumes are largely unaffected, but prices have declined.

SALES VOLUMES

Assmang's turnover for the period under review reached a record level of R10,9 billion (2007: R4,4 billion), however, with the exception of iron ore, sales volumes for all products were lower compared to the same period for the previous fiscal year, as shown in the table below:

	2008	2007	% change
	M tons '000	M tons '000	
Iron ore	3 455	3 286	5
Manganese ore*	1 291	1 434	(10)
Manganese alloys*	70	122	(43)
Charge chrome	65	115	(43)
Chrome ore*	80	116	(31)

* Excluding intra-group sales

CAPITAL EXPENDITURE

The bulk of the group's capital expenditure occurs in Assmang and is summarised by division for the period under review as follows:

	2008	2007
	Rm	Rm
Iron ore division	875	1 366
Manganese division	409	163
Chrome division	219	55
Total – Assmang	1 503	1 584

The major capital expenditure occurred in the iron ore and manganese divisions. A total of R664 million was spent on infrastructural items at the new Khumani Iron Ore Mine, with a further R126 million spent on housing in the iron ore division. An amount of R140 million has been approved to rebuild furnace 6 at Cato Ridge, of which R87 million has been spent to date. This furnace was damaged in the unfortunate explosion that happened at the Works on 24 February 2008, but was recommissioned during October 2008.

It is expected that the feasibility study to expand Khumani's annual capacity to 16 million tons will be complete by May 2009, while negotiations are being finalised with Transnet to increase Assmang's annual export allocation on the Sishen/Saldanha line to 14 million tons per annum.