



# PROVISIONAL RESULTS

for the year ended 30 June 2004

• INCREASED SALES VOLUMES AND US DOLLAR PRICES FOR ALL PRODUCTS • HEADLINE EARNINGS INCREASED BY 20,9% TO R163,4 MILLION

## CONSOLIDATED INCOME STATEMENT

|  | Year ended<br>30 June<br>2004<br>Reviewed<br>R'000 | Year ended<br>30 June<br>2003<br>Audited<br>R'000 |
|--|--|---|
| Turnover   | 2 228 090  | 1 753 027   |
| Net operating profit   | 329 501  | 240 820   |
| Finance costs  | (25 765)   | (28 412)  |
| Dividends received   | 5 057  | 5 451   |
| Net profit before taxation   | 308 793  | 217 859   |
| Taxation   | (99 583)   | (76 414)  |
| Net profit from ordinary operating activities                              | 209 210  | 141 445   |
| Outside shareholders' share of net profit                                  | (39 603)   | (5 073)   |
| <b>Attributable earnings transferred to statement of changes in equity</b> | <b>169 607</b>                                     | <b>136 372</b>                                    |
| Earnings per share (cents)   | 605,7  | 487,0   |
| Headline earnings per share (cents)*                                       | 583,7  | 482,7   |
| Dividends per share (cents)  |  |   |
| – Interim dividend paid in March (2004/2003)                               | 20   | 25  |
| – Final dividend declared in September (2004/2003)                         | 45   | 25  |
| <b>*Determination of headline earnings</b>                                 |  |   |
| Attributable earnings per income statement as above                        | 169 607  | 136 372   |
| Net profit on disposal of assets   | (6 162)  | (1 215)   |
| Headline earnings  | 163 445  | 135 157   |

## CONSOLIDATED BALANCE SHEET

|  | At 30 June<br>2004<br>Reviewed<br>R'000 | At 30 June<br>2003<br>Audited<br>R'000 |
|--|---|--|
| <b>ASSETS</b>                            |   |  |
| <b>Non-current assets</b>                |   |  |
| Property, plant and equipment            | 1 206 192                               | 1 056 281                              |
| Environmental rehabilitation trust funds | 13 503                                  | 12 547                                 |
| Listed investments                       | 165 715                                 | 147 152                                |
|  | 1 385 410                               | 1 215 980                              |
| <b>Current assets</b>                    |   |  |
| Inventories                              | 520 892                                 | 469 132                                |
| Amounts due from joint venture partners  | 9 529                                   | –                                      |
| Trade and other receivables              | 475 584                                 | 358 209                                |
| Cash resources                           | 166 263                                 | 96 623                                 |
|  | 1 172 268                               | 923 964                                |
| <b>Total assets</b>                      | <b>2 557 678</b>                        | <b>2 139 944</b>                       |
| <b>EQUITY AND LIABILITIES</b>            |   |  |
| <b>Share capital and reserves</b>        |   |  |
| Ordinary shareholders' interest          | 1 549 073                               | 1 382 513                              |
| Outside shareholders' interest           | 42 560                                  | 12 701                                 |
| Share capital and reserves               | 1 591 633                               | 1 395 214                              |
| <b>Non-current liabilities</b>           |   |  |
| Deferred taxation                        | 240 576                                 | 198 251                                |
| Long-term liabilities                    | 55 425                                  | 34 865                                 |
|  | 296 001                                 | 233 116                                |
| <b>Current liabilities</b>               |   |  |
| Interest bearing                         | 379 166                                 | 308 622                                |
| Non-interest bearing                     | 290 878                                 | 202 992                                |
|  | 670 044                                 | 511 614                                |
| <b>Total equity and liabilities</b>      | <b>2 557 678</b>                        | <b>2 139 944</b>                       |
| Ordinary shares in issue (million)       | 28                                      | –                                      |
| Net asset value per share (Rand)         | 56,8                                    | 49,8                                   |
| Capital expenditure (R'million)          | 237,0                                   | 174,4                                  |
| Capital commitments (R'million)          | 204,3                                   | 171,9                                  |

## STATEMENT OF CHANGES IN EQUITY

|   | Year ended<br>30 June<br>2004<br>Reviewed<br>R'000 | Year ended<br>30 June<br>2003<br>Audited<br>R'000 |
|---|--|---|
| <b>SHARE CAPITAL AND NON-DISTRIBUTABLE RESERVES</b>                         |  |   |
| Balance at beginning of year  | 29 459   | 90 138  |
| Net increase/(decrease) in market value of listed investments               | 18 065   | (59 976)  |
| Deferred taxation on changes in market value of listed investments          | (2 730)  | 3 954   |
| Foreign currency translation reserve  | (5 782)  | (4 657)   |
| Balance at end of year  | 39 012   | 29 459  |
| <b>DISTRIBUTABLE RESERVES</b>   |  |   |
| <b>RETAINED INCOME</b>  |  |   |
| Balance at beginning of year  | 1 353 054  | 1 234 882   |
| Attributable earnings for the year  | 169 607  | 136 372   |
| Ordinary dividends paid   |  |   |
| No. 93 and No. 94 aggregating 45 cents per share (2003: 65 cents per share) | (12 600)   | (18 200)  |
| Balance at end of year  | 1 510 061  | 1 353 054   |
| <b>PER BALANCE SHEET</b>  | <b>1 549 073</b>                                   | <b>1 382 513</b>                                  |

## CONSOLIDATED CASH FLOW STATEMENT

|   | Year ended<br>30 June<br>2004<br>Reviewed<br>R'000 | Year ended<br>30 June<br>2003<br>Audited<br>R'000 |
|---|--|---|
| Cash generated from operations                    | 225 690  | 257 030   |
| Cash utilised in investing activities             | (232 003)  | (198 276)   |
| Cash generated/(utilised in) financing activities | 75 953   | (46 764)  |
| Increase in cash for year                         | 69 640   | 11 990  |
| Cash resources at beginning of year               | 96 623   | 84 633  |
| <b>CASH RESOURCES PER</b>                         |  |   |
| <b>BALANCE SHEET</b>                              | <b>166 263</b>                                     | <b>96 623</b>                                     |

## DECLARATION OF FINAL DIVIDEND

Final Dividend No. 95 of 45 cents per share was declared on Wednesday, 1 September 2004. The dividend has been declared in the currency of the Republic of South Africa. In accordance with STRATE, the following dates apply to the final dividend: The last date to trade to qualify for the dividend (and for changes of address or dividend instructions) will be Thursday, 16 September 2004. The company's ordinary shares will commence trading "ex" the dividend from the commencement of business on Friday, 17 September 2004. The record date will be Thursday, 23 September 2004. Dividend cheques in payment of this dividend to holders of certificated shares will be posted on or about Monday, 27 September 2004. 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, 27 September 2004. Share certificates may not be dematerialised or rematerialised between Friday, 17 September 2004 and Thursday, 23 September 2004, both days inclusive.

On behalf of the board

**Desmond Sacco**  
Chairman

**C J Cory**  
Chief Executive Officer

Johannesburg  
1 September 2004

## COMMENTARY

### RESULTS

The feature of the second half of the 2004 financial year and of the year as a whole has been the strong recovery made by Assmang Limited ("Assmang") from the first half when that company reported a 97% decline in earnings. Assore continues to hold 45,7% in Assmang which it controls jointly with African Rainbow Minerals Limited (ARM). Assore also receives commissions as marketing agent for Assmang's products.

As anticipated in the commentary on Assore's interim results, published in March 2004, sales of Assmang's products have benefited from a strong demand, largely from Far Eastern countries, resulting in higher US dollar prices and increased sales volumes for all commodities.

These factors more than offset the further strengthening of the South African Rand over the US dollar during the second half, enabling Assmang to lift revenue for the year ended 30 June 2004 by 13,8% and headline earnings by 4,9%. The average exchange rate applicable to export proceeds over the financial year, was R6,77 to the US dollar, compared with R8,97 for the previous year.

Assore gained additionally from the R20,2 million (2003: R3,9 million) contribution to earnings for the year made by its US subsidiary, Minerals U.S., which benefited from its trading in a buoyant metals market and from increased demand for the group's products.

Consequently, Assore has reported a 27,1% growth in turnover to R2,23 billion (2003: R1,75 billion) for the year ended 30 June 2004 and a 20,9% improvement in headline earnings to R163,4 million (2003: R135,2 million) equivalent to 583,7 cents (2003: 482,7 cents) per share.

### SALES VOLUMES

Sales volumes for all commodities increased over those of the previous year as detailed in the table below:

|                  | Sales Metric Tons |                   | Percentage increase |
|------------------|-------------------|-------------------|---------------------|
|                  | 2004<br>Tons '000 | 2003<br>Tons '000 |                     |
| Iron Ore         | 5 460             | 5 263             | 3,7                 |
| Manganese Ore    | 1 438             | 1 171             | 22,8                |
| Manganese Alloys | 225               | 206               | 9,2                 |
| Charge Chrome    | 295               | 244               | 20,9                |
| Chrome Ore       | 377               | 283               | 33,2                |

### CAPITAL EXPENDITURE

Assmang continued its significant capital expenditure programme, spending R493,5 million (2003: R338,1 million) during the year. Of this, R182,3 million was spent on the new shaft complex at the Nchwaning manganese mine, which has commenced production and is currently being ramped up. The total capital cost of the project is estimated to be R748,0 million, excluding capitalised interest.

Commitments at 30 June 2004 in respect of further capital expenditure, total R441,5 million (2003: R342,3 million) and these will be incurred on current and additional enhancement projects. These projects will include the completion of the Nchwaning shaft complex, the construction of the underground mine at Dwarsrivier Chrome Mine to replace the existing opencast mine and the development of exploitable reserves in the North at the iron ore division adjacent to Sishen Mine. This expenditure will be funded from internally generated cash and available borrowing resources.

### BORROWINGS

Interest bearing borrowings, which mainly concern Assmang, increased from R308,6 million to R379,2 million and are well within the group's target levels.

### BLACK ECONOMIC EMPOWERMENT

In May this year, the group announced its first black empowerment venture involving the chrome mining operations of subsidiary company, Rustenburg Minerals and the chromite arm of the Mankwe Development Foundation.

### OUTLOOK

World crude steel production for the first half of calendar 2004 increased by 7,8% to 502,3 million tons. It is estimated that production should exceed one billion tons by the end of calendar 2004 (2003: 965 million tons). China continues to be the main contributor to the record production levels, which are currently 21% above those at the first half of calendar 2003.

However, continuing constraints on rail and shipping capacity, particularly through the ports of Saldanha Bay and Port Elizabeth, have left South African producers, including Assmang, unable to achieve optimal benefits from the rise in demand for manganese and iron ore resulting from the increase in global steel production. As a result, sales volumes of iron ore and manganese ore were only slightly higher than last year's levels.

Recently, manganese alloy prices have reached unprecedentedly high levels due to a combination of strong demand, the closure of a major French high carbon ferromanganese producer and production cutbacks in China resulting from a shortage of electric power. In Japan, US dollar prices for manganese ore for the period April 2004 to March 2005 have increased on average by 16%. It is anticipated that demand for manganese alloys will remain robust but that prices could ease. However, high costs of coke, electricity and ocean freight should ensure that prices remain above previous levels.

Global stainless steel production continued to show positive growth over the year and the total production for calendar 2004 is likely to reach almost 24,0 million tons (2003: 22,5 million tons). The stronger Rand, together with low ferrochrome stocks worldwide and the same cost factors affecting manganese alloys, resulted in US dollar prices for charge chrome rising about 75% over the past year.

International demand for the group's products remains buoyant and volumes are expected to approximate those of the year under review. US dollar prices for the group's products are expected to be higher than those achieved in the past financial year. As in the past, earnings growth will be largely dependent upon the Rand/US dollar exchange rate and upon cost savings generated at the operating levels.

### DIVIDENDS

An interim dividend of 20 cents (2003: 25 cents) per share was declared and paid during the year and as reported in this announcement a final dividend of 45 cents (2003: 25 cents) per share was declared to shareholders on 1 September 2004 reflecting the stronger results achieved in the second half of the year. The final dividend is not included in these results in accordance with the group's accounting policies for dividends.

### ACCOUNTING POLICIES

The financial information included in this announcement has been prepared in accordance with Statements of Generally Accepted Accounting Practice in South Africa and the accounting policies used are consistent with those used in the previous year.

### AUDIT REVIEW

The year end results have been reviewed in terms of Rule 3.22 of the Listings Requirements of the JSE Securities Exchange South Africa by the group's auditors Ernst & Young and their unqualified review opinion is available for inspection at the registered office of the company.

### Registered office:

Assore House  
15 Fricker Road  
Illovo Boulevard  
Johannesburg 2196

### Assore Limited

Company registration number: 1950/037394/06  
Share code: ASR ISIN: ZAE000017117

### Transfer office:

Computershare Investor  
Services 2004 (Pty) Ltd  
70 Marshall Street  
Johannesburg 2001

### Company secretaries:

African Mining and Trust Company Limited

### Directors

#### Executive:

Desmond Sacco (Chairman)  
R J Carpenter (Deputy Chairman)  
C J Cory (Chief Executive Officer)  
P C Crous (Technical and Operations)

#### Non-executive:

P N Boynton  
B M Hawksworth  
Dr J C van der Horst

#### Alternate:

J W Lewis (British)