

➔ **Headline earnings down 46,5%**

➔ **Average iron ore prices down 36%**

➔ **Interim dividend R2,50 per share**

## RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

### COMMENTARY

#### RESULTS

Headline earnings for the six months to 31 December 2012 decreased by 46,5%, to R1 106 million, compared to the same period in the previous financial year. This is due mainly to decreased earnings of Assmang Limited ("Assmang") for the period, together with reduced commissions earned on lower turnover within the Group.

Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards ("IFRS"). Assmang's headline earnings declined by 46,3% to R2 122 million compared to the same period in the previous financial year. Average US Dollar selling prices for iron ore were 35,9% lower than the previous period. In addition, labour issues and production difficulties resulted in higher unit production costs in Assmang's Manganese Division, which negatively impacted its contribution to headline earnings. The impact of the lower selling prices of iron ore was partly offset by a weaker Rand/US Dollar exchange rate, increased export volumes of iron and chrome ore and firmer prices for manganese ore.

Market conditions for all of the Group's commodities were more volatile, compared to the previous corresponding period. These conditions, which were characterised by weaker Asian demand and continuing sovereign debt issues in Europe, continued to hamper a recovery in global economic growth. This was evidenced in the lower iron ore prices, and continued downward pricing pressure on the Group's alloy products. Global shortages in certain grades of manganese ore and the weaker Rand/US Dollar exchange rate resulted in some pricing traction for these grades.

#### SALES VOLUMES

Sales volumes of iron and chrome ores were higher for the current period. Iron ore volumes were higher due to the availability of increased rail capacity over the period and following the reduction of charge chrome production at Assmang's Machadodorp Works, additional volumes of chrome ore were available for export. Sales volumes of manganese products were similar to those of the previous period. The table below sets out Assmang's sales volumes for the current period:

Metric tons '000	Half-year ended		Increase/ (decrease)
	31 December 2012	31 December 2011	
Iron ore	7 433	6 781	10
Manganese ore*	1 513	1 590	(5)
Manganese alloys*	107	104	3
Charge chrome	48	86	(44)
Chrome ore*	483	211	129

\* Excluding intra-group sales to alloy plants.

### CAPITAL EXPENDITURE

The bulk of the Group's capital expenditure occurs in Assmang, where more than R2,3 billion was spent on capital items in the current period (2012: R2,1 billion). R1,4 billion was spent in the iron ore division, with R446 million on waste stripping, R351 million on the Wet High Intensity Magnetic Separation ("WHIMS") project and R181 million on the Khumani Expansion Project ("KEP"). The expansion of the manganese ore mines continues, and R144 million was spent at the Black Rock mines, while R83 million was spent on facilities to optimise existing logistical infrastructure. A further R219 million was spent on the conversion of ferrochrome capacity to ferromanganese capacity at the Machadodorp Works. Replacement capital makes up the remainder of the capital spent within Assmang.

### OUTLOOK

Subsequent to the leadership change in China, increased economic activity in China has become apparent and has resulted in increased demand for the Group's commodities. However, the resultant recovery in economic growth is fragile. In addition, the steel industry in Europe continues to be in a state of decline, albeit at a slower rate than in the previous calendar year. Whilst there are signs of a recovery in the United States economy, it is unclear as to the strength of this recovery. Recent increases in iron ore prices have been maintained and it is anticipated that prices for the remainder of the financial year will stabilise at levels higher than those for the first half of the financial year. Shortages of certain grades of manganese ore continue to support higher prices for some of the Group's manganese products. The Group's results remain exposed to fluctuations in the Rand/US Dollar exchange rate.

### DIVIDENDS

The results in this announcement include the final dividend relating to the previous financial year of 300 cents (2011: 250 cents) per share, which was declared on 31 August 2012 and paid to shareholders on 1 October 2012. Based on the level of earnings for the period, the board has declared an interim dividend of 250 cents (2012: 250 cents) per share, which will be paid to shareholders on or about 11 March 2013.

### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial results for the period under review have been prepared under the supervision of Mr CJ Cory, CA(SA) and in accordance with IAS 34 – Interim Financial Reporting. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2012. Amendments to IFRS effective in the period have not had any impact on the results or disclosures of the Group.

### DIRECTORS

Since 1 July 2012, the following changes to the board of directors have taken place:

- 31 August 2012 – Mr PC (Phil) Crous resigned as Group Technical and Operations Director, following his decision to take early retirement;
- 1 September 2012 – Messrs AD (Alastair) Stalker and BH (Tiaan) van Aswegen, were appointed as Group Marketing Director and Group Technical and Operations Director respectively; and
- 15 October 2012 – Mr S (Sydney) Mhlarhi was appointed as an independent non-executive director and as a member of the Audit and Risk Committee.

### DECLARATION OF INTERIM DIVIDEND

Shareholders are advised that the board of directors has declared Interim Dividend Number 112 ("the Dividend"), of 250 cents (2012: 250 cents) per share (gross) for the period ended 31 December 2012 on 12 February 2013.

In terms of paragraph 11.17 of the Listings Requirements of the JSE Limited, shareholders are advised of the following with regard to the declaration:

- the Dividend has been declared from accumulated revenue;
- the local Dividend Tax rate is 15%;
- the Company does not have any Secondary Companies Tax ("STC") credit available to reduce the impact of the Dividend Tax;
- the net local dividend amount is 212,5 cents per share for shareholders liable to pay the Dividends Tax;
- the issued ordinary share capital of Assore is 139 607 000 shares, of which 36 400 000 shares are accounted for as treasury shares in terms of IFRS and are therefore excluded from earnings per share calculations; and
- Assore's income tax reference number is 9045/018/84/4.

The salient dates are as follows:

- Last day for trading to qualify and participate in the final dividend: Friday, 1 March 2013
- Trading "ex dividend" commences: Monday, 4 March 2013
- Record date: Friday, 8 March 2013
- Dividend payment date: Monday, 11 March 2013
- Dates (inclusive) between which share certificates may not be dematerialised or rematerialised: Monday, 4 March 2013 to Friday, 8 March 2013

On behalf of the board

**Desmond Sacco**  
Chairman

**CJ Cory**  
Chief Executive Officer

Johannesburg  
13 February 2013

### CONSOLIDATED INCOME STATEMENT

	Half-year ended		Year ended
	31 December 2012	31 December 2011	30 June 2012
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Revenue</b>	<b>5 980 025</b>	6 843 807	13 612 731
Turnover	5 736 898	6 386 024	12 947 766
Cost of sales	(3 832 783)	(3 337 372)	(7 337 643)
Gross profit	1 904 115	3 048 652	5 610 123
Other income	461 891	626 209	1 984 313
Other expenses	(716 083)	(476 455)	(1 792 466)
Finance costs	(60 981)	(126 199)	(217 244)
Profit before taxation	1 588 942	3 072 207	5 584 726
Taxation	(482 607)	(934 057)	(1 537 692)
<b>Profit for the period</b>	<b>1 106 335</b>	2 138 150	4 047 034
Attributable to:			
Shareholders of the holding company	1 106 240	2 129 171	4 033 013
Non-controlling shareholders	95	8 979	14 021
As above	1 106 335	2 138 150	4 047 034
Earnings as above	1 106 240	2 129 171	4 033 013
Profit on disposal of available-for-sale investments, net of tax	—	(61 057)	(406 092)
Impairment of non-financial assets	—	—	82 705
Loss/(profit) on disposal of fixed assets	109	(646)	(1 863)
<b>Headline earnings</b>	<b>1 106 349</b>	2 067 468	3 707 763
Earnings per share (basic and diluted – cents)	1 072	1 978	3 827
Headline earnings per share (basic and diluted – cents)	1 072	1 921	3 519
Dividends per share declared in respect of the profit for the period (cents)	250	250	550
– Interim	250	250	250
– Final	—	—	300
Weighted average number of ordinary shares (million)	139,61	139,61	139,61
Ordinary shares in issue	(36,40)	(31,97)	(34,24)
Weighted impact of treasury shares held in trust	103,21	107,64	105,37

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended		Year ended
	31 December 2012	31 December 2011	30 June 2012
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Profit for the period (as above)</b>	<b>1 106 335</b>	2 138 150	4 047 034
Reclassification of fair value gain on disposal of available-for-sale investments included in income statement, previously recognised in comprehensive income	—	(61 057)	(406 092)
Profit on disposal of available-for-sale investments (as above)	—	(71 139)	(472 200)
Deferred capital gains tax thereon	—	10 082	66 108
Gain/(loss) on revaluation to market value of available-for-sale investments after taxation	24 779	(522)	9 952
Gain/(loss) on revaluation of available-for-sale investments to market value	30 640	(607)	15 734
Deferred capital gains tax thereon	(5 861)	85	(5 782)
Exchange differences on translation of foreign operations	(92)	6 165	13 192
<b>Total comprehensive income for the period, net of tax</b>	<b>1 131 022</b>	2 082 736	3 664 086
Attributable to:			
Shareholders of the holding company	1 130 972	2 067 592	3 643 469
Non-controlling shareholders	50	15 144	20 617
As above	1 131 022	2 082 736	3 664 086

### CONSOLIDATED STATEMENT OF CASH FLOW

	Half-year ended		Year ended
	31 December 2012	31 December 2011	30 June 2012
	Unaudited R'000	Unaudited R'000	Audited R'000
Cash generated from operations	1 178 473	1 720 406	3 757 227
Cash utilised in investing activities	(618 469)	(408 003)	(788 331)
– to maintain operations	(684 523)	(590 224)	(1 495 715)
– to expand operations	—	(2 692 555)	(2 692 555)
Treasury shares purchased	—	—	663 650
Proceeds on disposal of available-for-sale investments	—	—	1 601 300
Long-term finance raised, net of repayments	—	—	(55 873)
Cash (utilised)/generated by financing activities	(65 337)	2 782 572	(55 873)
(Decrease)/increase in cash for the period	(189 856)	812 196	989 703
Cash resources at beginning of the period	3 324 437	2 334 734	2 334 734
<b>Cash resources per statement of financial position</b>	<b>3 134 581</b>	3 146 930	3 324 437

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half-year ended		Year ended
	31 December 2012	31 December 2011	30 June 2012
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Share capital, share premium and other reserves</b>			
Balance at beginning of the period	344 548	734 092	734 092
Other comprehensive income/(loss)	24 732	(55 414)	(389 544)
Net increase/(decrease) in the market value of available-for-sale investments, net of tax	24 779	(522)	9 952
Profit on disposal of available-for-sale investments recognised in profit for the year, net of tax	—	(61 057)	(406 092)
Foreign currency translation reserve arising on consolidation	(47)	6 165	6 596
Balance at end of the period	369 280	678 678	344 548
<b>Treasury shares</b>			
Balance at beginning of the period	(5 051 583)	(2 359 028)	(2 359 028)
Treasury shares purchased during the period	—	(2 692 555)	(2 692 555)
Balance at end of the period	(5 051 583)	(5 051 583)	(5 051 583)
<b>Retained earnings</b>			
Balance at beginning of the period	15 907 436	12 390 460	12 390 460
Profit for the period, attributable to shareholders	1 106 240	2 129 171	4 033 013
Ordinary dividends declared (net of dividends on treasury shares)	(309 622)	(258 018)	(516 036)
Number 111 at R3,00 per share (2011: R2,50 per share)	(309 622)	(258 018)	(516 036)
Balance at end of the period	16 704 054	14 261 613	15 907 437
<b>Ordinary shareholders' interest</b>	<b>12 021 751</b>	9 888 708	11 200 402
<b>Non-controlling interests</b>			
Balance at beginning of the period	126 858	114 287	114 287
Attributable profit for the period	95	8 979	14 021
Dividends paid to non-controlling shareholders	(6 399)	(5 901)	(8 046)
Foreign currency translation reserve arising on consolidation	(45)	6 165	6 596
Balance at end of the period	120 509	123 530	126 858
<b>Total equity</b>	<b>12 142 260</b>	10 012 238	11 327 260

### SEGMENTAL INFORMATION

R'000	Joint venture mining and beneficiation			Marketing and shipping	Other mining and beneficiation	Corporate and treasury	Eliminations and adjustments	Consolidated
	Iron ore	Manganese	Chrome					
<b>Half-year ended 31 December 2012 – unaudited</b>								
<b>Revenues</b>								
– third party	6 179 220	3 510 458	969 972	10 659 650	502 008	144 980	3 212	(5 329 825)
– inter-segment	—	—	—	—	162 283	157 300	—	(319 583)
<b>Total revenues</b>	<b>6 179 220</b>	<b>3 510 458</b>	<b>969 972</b>	<b>10 659 650</b>	<b>664 291</b>	<b>302 280</b>	<b>3 212</b>	<b>(5 649 408)</b>
<b>Contribution to profit</b>	<b>1 731 304</b>	<b>412 271</b>	<b>(21 503)</b>	<b>2 122 072</b>	<b>93 250</b>	<b>(10 827)</b>	<b>(37 123)</b>	<b>(1 061 037)</b>
Half-year ended 31 December 2011 – unaudited								
Revenues								
– third party	7 518 677	3 457 439	962 441	11 938 557	603 162	248 877	22 490	(5 969 279)
– inter-segment	—	—	—	—	387 818	129 410	—	(517 228)
<b>Total revenues</b>	<b>7 518 677</b>	<b>3 457 439</b>	<b>962 441</b>	<b>11 938 557</b>	<b>990 980</b>	<b>378 287</b>	<b>22 490</b>	<b>(6 486 507)</b>
Contribution to profit	3 125 669	834 030	(9 706)	3 949 993	202 303	(1 759)	(31 080)	(1 981 307)

### Directors:

**Executive:** Desmond Sacco (Chairman), CJ Cory (Chief Executive Officer), AD Stalker (Marketing), BH van Aswegen (Technical and Operations)

**Non-executive:** EM Southey\* (Deputy Chairman and Lead Independent Director), RJ Carpenter, S Mhlarhi\*, VWF Urmson\* \*Independent

**Alternate:** PE Sacco

**Registered office:** Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 **Transfer office:** Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001

**Company secretaries:** African Mining and Trust Company Limited **Sponsor:** The Standard Bank of South Africa Limited