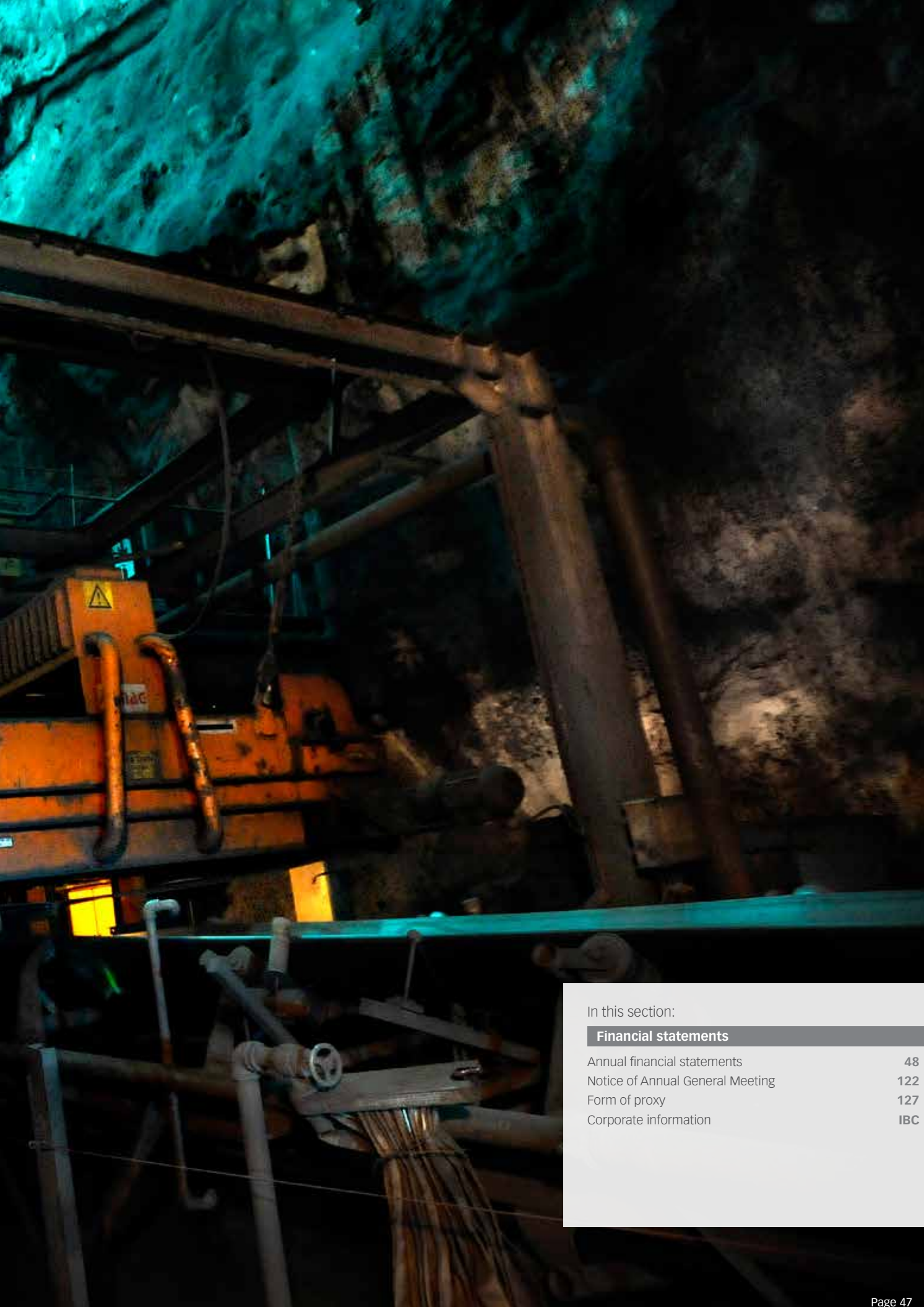




Underground crusher load-out facility at Black Rock Manganese Mine



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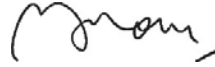
## Approval of the consolidated annual financial statements

for the year ended 30 June 2016

The consolidated and separate financial statements of Assore Limited for the year ended 30 June 2016, as set out on pages 50 to 121, have been prepared under the supervision of Mr CJ Cory CA(SA), have been audited in accordance with section 30(2)(a) of the Companies Act and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 19 October 2016, and are signed on its behalf by:



**Desmond Sacco**  
Chairman



**CJ Cory**  
Chief Executive Officer

## Company Secretary's certificate

for the year ended 30 June 2016

We certify that the requirements stated in section 88(2)(e) of the Companies Act have been met and that all returns and notices, as are required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns and notices are true, correct and up to date.



**African Mining and Trust Company Limited**  
Secretaries  
per: **CD Stemmett**

19 October 2016

# Independent auditors' report to the shareholders of Assore Limited

for the year ended 30 June 2016

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Assore Limited set out on pages 51 to 121, which comprise the statements of financial position as at 30 June 2016, the income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the directors' report and the notes, comprising a summary of significant accounting policies and other explanatory information.

## 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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S 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 about 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Assore Limited as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2016, we have read the Audit and Risk Committee report on pages 33 and 34, and the Company secretary's certificate on page 49 for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Incorporated has been the auditor of Assore Limited for 27 years.

*Ernst & Young Inc.*

Ernst & Young Inc.

**Director: Dave Ian Cathrall**

Registered auditor

Chartered Accountant (SA)

102 Rivonia Road  
Sandton  
Johannesburg

20 October 2016

## Directors' report

for the year ended 30 June 2016

### NATURE OF BUSINESS

Assore Limited was incorporated in South Africa in 1950 and is a mining holding company engaged principally 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. Assore's principal investment is a 50% (2015: 50%) interest in Assmang Proprietary Limited (Assmang), which it controls jointly with African Rainbow Minerals Limited (ARM), which is also listed on the JSE. Assmang mines iron and manganese ores, and produces manganese and chrome alloys. In addition, the group mines chrome ore at Dwarsrivier Chrome Mine (refer note 36 to the consolidated financial statements) located near Steelpoort in the Lydenburg district. It also mines Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear and acid-resistant tiles, which are installed in various mining and industrial applications. The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint venture 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 operational review and commentary (refer pages 28 to 31).

### FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2016 are summarised below:

	Year ended 30 June	
	2016 R'000	2015 R'000
Turnover	2 027 813	2 526 096
Profit/(loss) before joint-venture entity and foreign listed associate	223 927	(25 501)
Share of profit from joint-venture entity, after taxation	1 281 000	1 317 138
Share of loss in foreign listed associate	(7 286)	(1 197)
Profit for the year	1 497 641	1 290 440
<i>Add back:</i> Loss attributable to non-controlling shareholders	41 722	112 931
Profit attributable to the shareholders of the holding company	1 539 363	1 403 371
Dividends relating to the group's activities for the year under review	(722 449)	(619 242)
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Final dividend No 119 of 500 cents (2015: 300 cents) per share – declared on 6 September 2016	698 035	418 821
Less: Dividends attributable to treasury shares	(254 800)	(218 400)
Profit for the year after dividends	816 914	784 129
The attributable interest of the company in the aggregate net profit and losses after taxation of subsidiary companies was as follows:		
– Profits	405 361	401 219
– Losses	(181 434)	(426 720)

### 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 is set out on page 50, 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). The accounting policies are consistent with those of the previous year.

The financial statements have been prepared on a going concern basis and the directors have no reason to believe that 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 in the statement of financial position are appropriately valued.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through the group's appointed Audit and Risk 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 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 misstatements and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of the financial information included in this report. The internal financial controls were assessed by the group's outsourced internal audit function and were found to be satisfactory.

## Directors' report continued

for the year ended 30 June 2016

### JOINT-VENTURE ENTITY

Assore holds a 50% interest in Assmang, which it controls jointly with ARM in terms of a long-standing shareholders' agreement. In accordance with IFRS, Assmang is accounted for on the equity accounting basis, and Assore has disclosed its share of Assmang's profit as "share of profit from joint-venture entity, after taxation". Set out below are the financial statements of Assmang in abridged format, which combine its continuing and discontinued operations. The "Assets held for distribution" in Assmang refers to the sale of Dwarsrivier (refer "Acquisition of remaining 50% of Dwarsrivier" on the following page and note 36 to the consolidated financial statements).

### ABRIDGED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT OF ASSMANG

	Year ended 30 June	
	2016 R'000	2015 R'000
Turnover	20 654 063	21 121 497
Profit before taxation	3 649 115	3 703 280
Taxation	(993 758)	(1 044 057)
Earnings	2 655 357	2 659 223
Other comprehensive income	206 442	–
Dividends declared during the year	(1 750 000)	(3 000 000)
Total comprehensive income/(loss) for the year after dividends paid	1 111 799	(340 777)

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASSMANG

	At 30 June	
	2016 R'000	2015* R'000
<b>Assets</b>		
Non-current assets	24 918 898	23 728 211
Current assets		
Inventories	3 712 093	4 448 860
Trade and other receivables	3 557 556	3 532 558
Financial assets	71 450	85 017
Cash resources	4 798 476	4 942 638
Assets held-for-sale	1 843 269	1 585 709
Total assets	38 901 742	38 322 993
<b>Equity and liabilities</b>		
Equity	30 041 495	28 929 696
Non-current liabilities		
Deferred taxation liability	5 097 914	5 035 202
Long-term provisions	802 695	959 828
Trade and other payables	96 381	92 344
Current liabilities		
Trade and other payables	1 320 541	1 857 782
Short-term provisions	698 627	608 367
Taxation	213 125	369 778
Liabilities directly associated with the assets held-for-sale	630 964	469 996
Total liabilities	8 860 247	9 393 297
Total equity and liabilities	38 901 742	38 322 993
Capital expenditure	2 974 678	3 836 808
Capital commitments	3 521 805	5 035 856

\* Comparative figures have been restated in accordance with the restatements adopted in Assmang's financial statements for 2016.

## ACQUISITION OF REMAINING 50% OF DWARSRIVIER

On 24 June 2015, the group announced the acquisition from ARM of its 50% indirect share of Dwarsrivier Chrome Mine (held in Assmang) for a consideration of R450 million, which was completed on 29 July 2016. The purchase consideration, inclusive of interest accrued of R34,9 million has been disclosed in the consolidated statement of financial position as at 30 June 2016 as "Restricted cash". Refer notes 8 and 36 to the consolidated financial statements.

## DIRECTORS' EMOLUMENTS

	Directors' fees (refer note 1) R'000	Salaries R'000	Bonuses (refer note 2) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
<b>2016</b>						
<b>Executive</b>						
Desmond Sacco (Chairman)	110	4 264	355	–	289	5 018
CJ Cory (Chief Executive Officer)	96	5 246	10 405	1 329	838	17 914
PE Sacco (Group Marketing Director – appointed 1 March 2016)	56	2 117	5 378	536	489	8 576
AD Stalker (resigned 29 February 2016)	67	1 848	6 742	444	5 868	14 969
BH van Aswegen (Group Operations and Growth Director)	96	2 674	7 098	677	604	11 149
<b>Non-executive</b>						
EM Southey (Deputy Chairman and lead independent director)	650					650
TN Mgoduso	325					325
S Mhlarhi	350					350
IN Mkhari (resigned 26 May 2016)	226					226
WF Urmson	550					550
	<b>2 526</b>	<b>16 149</b>	<b>29 978</b>	<b>2 986</b>	<b>8 088</b>	<b>59 727</b>
<b>2015</b>						
<b>Executive</b>						
Desmond Sacco (Chairman)	110	4 264	355	–	274	5 003
CJ Cory (Chief Executive Officer)	96	4 950	14 225	1 249	368	20 888
AD Stalker (Group Marketing Director)	96	2 615	9 703	650	308	13 372
BH van Aswegen (Group Technical Director)	96	2 522	9 643	636	354	13 251
<b>Non-executive</b>						
EM Southey (Deputy Chairman and lead independent director)	535					535
RJ Carpenter (resigned 15 June 2015)	205					205
TN Mgoduso (appointed 2 February 2015)	104					104
S Mhlarhi	295					295
IN Mkhari (appointed 2 February 2015)	104					104
WF Urmson	455					455
<b>Alternate</b>						
PE Sacco	36	1 862	7 213	470	267	9 848
	<b>2 132</b>	<b>16 213</b>	<b>41 139</b>	<b>3 005</b>	<b>1 571</b>	<b>64 060</b>

### Notes:

- Directors' fees include fees received from Assmang.
- 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 the group's results for the year and the achievement of its long-term objectives. Directors owning shares in the group do so in their own right and disclosure thereof is made in this report.
- Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, group life contributions, use of assets and unemployment insurance fund contributions. In 2016, other fringe benefits paid to Mr Stalker included an *ex gratia* payment made on his retirement after 21 years of service in the group.

For more detail relating to the group's remuneration policy and structure, refer "Remuneration" on page 19.



## Directors' report continued

for the year ended 30 June 2016

### DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2016 were as follows:

	Direct beneficial number of shares 2016	Indirect beneficial number of shares 2016	Direct beneficial number of shares 2015	Indirect beneficial number of shares 2015
<b>Executive directors</b>				
Desmond Sacco	960 000	32 430 489	960 000	32 430 489
CJ Cory	50 000	–	50 000	–
PE Sacco (2015: alternate director)	227 580	–	227 580	–
AD Stalker (resigned 29 February 2016)			–	–
BH van Aswegen	4 505	–	4 505	–
<b>Non-executive directors</b>				
EM Southey	–	–	–	–
TN Mgoduso	–	–	–	–
S Mhlarhi	–	–	–	–
IN Mkhari (resigned 26 May 2016)			–	–
WF Urmson	–	–	–	–
	<b>1 242 085</b>	<b>32 430 489</b>	1 242 085	32 430 489

### DIRECTORATE AND SECRETARY

The names of the directors, at the date of this report, and details of the Company Secretary, including its business and postal addresses, are set out on the inside back cover of this report.

Subsequent to the date of the previous integrated annual report and up to the date of this report the following changes were made to the Assore board:

29 February 2016 – AD Stalker resigned as Group Marketing Director

1 March 2016 – PE Sacco was appointed as Group Marketing Director

26 May 2016 – IN Mkhari resigned as a non-executive director

In terms of the Memorandum of Incorporation (MoI), Messrs TN Mgoduso and S Mhlarhi are required to retire by rotation at the forthcoming Annual General Meeting (AGM). The aforementioned directors, being eligible, offer themselves for re-election and a brief *curriculum vitae* for each of these directors is included in the notice of the AGM (refer page 126).

### DIVIDENDS

	2016 R'000	2015 R'000
<b>Dividends declared during the year</b>		
Final dividend No 117 of 300 cents (2015: 550 cents) per share – declared 26 August 2015	418 821	767 839
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Less: Dividends attributable to treasury shares	(182 000)	(309 400)
	<b>516 035</b>	877 260
<b>Dividends relating to results of the group for the year under review</b>		
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Final dividend No 119 of 500 cents (2015: 300 cents) per share – declared on 6 September 2016	698 035	418 821
Less: Dividends attributable to treasury shares	(254 800)	(218 400)
	<b>722 449</b>	619 242



## ANALYSIS OF SHAREHOLDING

The following analysis of shareholders, in accordance with the JSE Listings Requirements, has been established, based on an examination of the company's share register at 30 June 2016. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2016 Number of shares	%	2015 Number of shares	%
<b>Shareholder spread</b>				
Shares held by the public/non-public				
Non-public*				
– Holders in excess of 10% of the share capital	<b>105 021 450</b>	<b>75,23</b>	105 021 450	75,23
– Directors of the company (direct and beneficial)	<b>1 242 085</b>	<b>0,89</b>	1 242 085	0,89
	<b>106 263 535</b>	<b>76,12</b>	106 263 535	76,12
Public shareholders	<b>33 343 465</b>	<b>23,88</b>	33 343 465	23,88
	<b>139 607 000</b>	<b>100,00</b>	139 607 000	100,00
<b>Major shareholders</b>				
Oresteel Investments Proprietary Limited	<b>73 190 000</b>	<b>52,43</b>	73 190 000	52,43
Main Street 460 Proprietary Limited (RF) (held 100% by Main Street 350 Proprietary Limited (RF) which is held 51% and 49% by the Boleng Trust and Assore Limited respectively) <sup>#</sup>	<b>15 367 000</b>	<b>11,01</b>	15 367 000	11,01
Main Street 904 Proprietary Limited (RF) (held 51% and 49% by the Fricker Road Trust and The Assore Employee Trust respectively) <sup>#</sup>	<b>16 464 450</b>	<b>11,79</b>	16 464 450	11,79
	<b>105 021 450</b>	<b>75,23</b>	105 021 450	75,23
Directors of the company	<b>1 242 085</b>	<b>0,89</b>	1 242 085	0,89
Others – less than 5%	<b>33 343 465</b>	<b>23,88</b>	33 343 465	23,88
	<b>139 607 000</b>	<b>100,00</b>	139 607 000	100,00

\* As defined by Rule 4.25 of the JSE Listings Requirements.

<sup>#</sup> Refer "Black economic empowerment status report" on page 38.

## SPECIAL RESOLUTIONS

The following special resolution was passed on 27 November 2015:

"That the board may authorise the company to directly or indirectly provide financial assistance to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act, as amended."

## EVENTS AFTER THE REPORTING PERIOD

- On 29 July 2016, the group acquired the entire issued share capital of Dwarsrivier Chrome Mine Proprietary Limited from Assmang. Refer note 36 to the consolidated financial statements for more detail.
- On 6 September 2016, the board declared a final dividend of 500 cents per share, amounting to a R698,0 million, which was paid to shareholders on 3 October 2016.



## Consolidated statement of financial position

as at 30 June 2016

	Note	2016 R'000	2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in joint-venture entity	1	15 094 529	14 585 308
Property, plant and equipment	2	176 942	230 342
Intangible assets	3	1 667	26 162
Investments			
– available-for-sale listed investments	4	180 084	233 972
– foreign listed associate	5	124 848	120 756
– available-for-sale unlisted investments		44 591	47 808
Pension fund surplus	35	68 070	57 474
Deferred taxation	15	17 421	4 964
		<b>15 708 152</b>	<b>15 306 786</b>
<b>Current assets</b>			
Inventories	6	1 037 471	924 762
Trade and other receivables	7	418 466	410 325
Restricted cash	8	479 522	450 000
Cash resources	9	3 184 925	2 421 195
		<b>5 120 384</b>	<b>4 206 282</b>
<b>Total assets</b>		<b>20 828 536</b>	<b>19 513 068</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	10	698	698
Share premium	11	264 092	264 092
Treasury shares	12	(5 051 583)	(5 051 583)
Retained earnings		23 485 031	22 461 703
Other reserves	13	247 242	134 046
Equity attributable to shareholders of the holding company		<b>18 945 480</b>	<b>17 808 956</b>
Non-controlling shareholders' (deficit)/interests		<b>(33 871)</b>	<b>15 765</b>
<b>Total equity</b>		<b>18 911 609</b>	<b>17 824 721</b>
<b>Non-current liabilities</b>			
Long-term borrowings	14	–	346 100
Long-term provisions	16	22 775	18 433
Share-based payment liability	17	5 779	2 648
		<b>28 554</b>	<b>367 181</b>
<b>Current liabilities</b>			
Trade and other payables	18	822 996	304 408
Taxation		39 348	27 428
Short-term provisions	19	30 255	28 464
Overdrafts	20	995 774	960 866
		<b>1 888 373</b>	<b>1 321 166</b>
<b>Total equity and liabilities</b>		<b>20 828 536</b>	<b>19 513 068</b>

## Consolidated income statement

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Revenue</b>	21	<b>2 941 047</b>	3 357 297
Turnover		<b>2 027 813</b>	2 526 096
Cost of sales		<b>(1 918 242)</b>	(2 376 827)
Gross profit		<b>109 571</b>	149 269
Add: Other income			
Commissions on sales and technical fees	21	<b>673 761</b>	643 442
Foreign exchange gains	23	<b>295</b>	1 503
Investment income	21	<b>218 119</b>	176 821
Sundry		<b>47 977</b>	27 391
Less: Other expenses			
Finance costs	22	<b>(38 576)</b>	(33 391)
Foreign exchange losses	23	<b>–</b>	(43)
Mining royalty taxes		<b>(1 455)</b>	(1 173)
Impairment of property, plant and equipment	2	<b>(41 371)</b>	(365 073)
Impairment of financial assets to below original cost	4	<b>(30 344)</b>	(114 258)
Impairment of goodwill	3	<b>(24 315)</b>	–
Loss on disposal of interest in subsidiary company	34.3	<b>(21 382)</b>	–
Provision for rehabilitation of mines placed on care and maintenance		<b>(34 000)</b>	(14 000)
Staff remuneration and benefits		<b>(267 163)</b>	(264 418)*
Sundry expenses		<b>(190 814)</b>	(129 278)
Profit before taxation	23	<b>400 303</b>	76 792
Taxation	24	<b>(176 376)</b>	(102 293)
<b>Profit/(loss) after taxation, before joint-venture entity and foreign listed associate</b>		<b>223 927</b>	(25 501)
<b>Share of profit from joint-venture entity, after taxation</b>	1	<b>1 281 000</b>	1 317 138
<b>Share of loss in foreign listed associate</b>	5	<b>(7 286)</b>	(1 197)
<b>Profit for the year</b>		<b>1 497 641</b>	1 290 440
<b>Attributable to:</b>			
Shareholders of the holding company		<b>1 539 363</b>	1 403 371
Non-controlling shareholders' share of losses in subsidiary companies		<b>(41 722)</b>	(112 931)
As above		<b>1 497 641</b>	1 290 440
Earnings per share (cents) (basic and diluted)	25	<b>1 491</b>	1 360

\* Sundry expenses in the prior year have been restated in order to disclose the above rehabilitation of mines placed on care and maintenance.

## Consolidated statement of comprehensive income

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Profit for the year (as above)</b>		<b>1 497 641</b>	1 290 440
Items that may be reclassified into the income statement dependent on the outcome of a future event		<b>121 607</b>	(8 703)
Loss on revaluation to market value of available-for-sale listed investments, after taxation		<b>(18 270)</b>	(24 209)
Loss on revaluation to original cost of available-for-sale listed investments	4	<b>(23 544)</b>	(29 758)
Deferred capital gains taxation thereon	15	<b>5 274</b>	5 549
Exchange differences on translation of foreign operations		<b>139 877</b>	15 506
Items that may not be reclassified into the income statement dependent on the outcome of a future event			
Actuarial gains/(losses) in pension fund, after taxation		<b>3 760</b>	(2 725)
<b>Total comprehensive income for the year, net of taxation</b>		<b>1 623 008</b>	1 279 012
Add back: Comprehensive loss attributable to non-controlling shareholders		<b>29 551</b>	105 118
Attributable to shareholders of the holding company		<b>1 652 559</b>	1 384 130

## Consolidated statement of cash flow

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Cash generated from/(utilised in) operating activities</b>		<b>212 491</b>	<b>(962 774)</b>
Net cash generated from/(utilised in) operations		<b>755 406</b>	<b>(25 922)</b>
Cash generated from operations	27.1	<b>367 718</b>	445 790
Dividend income	21	<b>7 673</b>	21 563
Movements in working capital	27.2	<b>380 015</b>	(493 275)
Interest income	21	<b>210 446</b>	155 258
Finance costs	27.3	<b>(36 079)</b>	(20 720)
Taxation paid	27.4	<b>(173 102)</b>	(165 925)
Dividends paid to shareholders of the holding company	27.5	<b>(697 863)</b>	(1 185 477)*
Dividends attributable to treasury shares, utilised within the group	27.5	<b>182 000</b>	309 400*
Dividends paid to non-controlling shareholders		<b>(28 317)</b>	(29 388)
<b>Cash retained from investing activities</b>		<b>862 431</b>	<b>817 093</b>
Proceeds from/(acquisition of) available-for-sale unlisted investments		<b>3 217</b>	(1 195)
Acquisition of interest in foreign listed associate		–	(121 953)
Additions to property, plant and equipment	2	<b>(25 831)</b>	(114 557)
Acquisition of remaining 50% of Dwarsrivier Chrome Mine	8	–	(450 000)
Dividend received from joint-venture entity	1	<b>875 000</b>	1 500 000
Proceeds on disposal of property, plant and equipment		<b>10 045</b>	4 798
<b>Cash utilised financing activities</b>		<b>(311 192)</b>	<b>422 278</b>
Preference shares redeemed	14	<b>(346 100)</b>	–
Increase in overdrafts	20	<b>34 908</b>	422 278
<b>Cash resources</b>			
– increase for the year		<b>763 730</b>	276 597
– at beginning of year		<b>2 421 195</b>	2 144 598
– at end of year	9	<b>3 184 925</b>	2 421 195

\* Dividends paid to shareholders of the holding company in the prior year have been restated in order to disclose the above dividends attributable to treasury shares separately.

## Consolidated statement of changes in equity

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Share capital</b>			
Balance at beginning and end of year	10	698	698
<b>Share premium</b>			
Balance at beginning and end of year	11	264 092	264 092
<b>Treasury shares</b>			
Balance at beginning and end of year	12	(5 051 583)	(5 051 583)
<b>Retained earnings</b>			
Balance at beginning of year		22 461 703	21 935 592
Profit for the year		1 539 363	1 403 371
Ordinary dividends declared during the year	26	(516 035)	(877 260)
Final dividend No 117 of 300 cents (2015: 550 cents) per share – declared on 26 August 2015		(418 821)	(767 839)
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016		(279 214)	(418 821)
Less: Dividends attributable to treasury shares		182 000	309 400
Balance at end of year		23 485 031	22 461 703
<b>Other reserves</b>			
Balance at beginning of year		134 046	153 793
Other comprehensive income/(loss)		109 436	(17 022)
– loss after taxation arising on revaluation of available-for-sale listed investments to market value at year-end		(18 270)	(24 209)
– foreign currency translation reserve arising on consolidation		127 706	7 187
Actuarial gains/(loss) on pension fund, after taxation		3 760	(2 725)
Balance at end of year	13	247 242	134 046
<b>Equity attributable to shareholders of the holding company</b>			
		18 945 480	17 808 956
<b>Non-controlling shareholders' (deficit)/interests</b>			
Balance at beginning of year		15 765	150 271
Share of total comprehensive loss		(49 636)	(134 506)
Total comprehensive loss for the year, net of taxation		(29 551)	(105 118)
– loss for the year		(41 722)	(112 931)
– other comprehensive income for the year		12 171	7 813
Dividends paid to non-controlling shareholders		(28 317)	(29 388)
Relief realised on derecognition of non-controlling deficit on disposal of subsidiary	34.3	8 232	–
Balance at end of year		(33 871)	15 765
<b>Total equity</b>			
		18 911 609	17 824 721

## Notes to the consolidated financial statements

for the year ended 30 June 2016

### 1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2015: 50%) interest in Assmang Proprietary Limited (Assmang), a South African company which it jointly controls with African Rainbow Minerals (ARM) which is also listed on the JSE. Assmang mines iron, manganese and chrome ores and produces manganese and chrome alloys. In accordance with IFRS, the results of Assmang are accounted for by Assore using the equity method. The financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2016.

	2016 R'000	2015* R'000
<b>Consolidated income statement of Assmang</b> (accounting for Dwarsrivier as a discontinued operation)		
Turnover	18 927 093	19 512 919
Cost of sales	(14 374 497)	(14 369 081)
Gross profit	4 552 596	5 143 838
Other operating income	796 369	656 844
Other operating expenses	(2 185 862)	(2 754 964)
Profit from operations	3 163 103	3 045 718
(Loss)/income from joint-venture entity	(17 741)	101 684
Income from investments	416 251	434 164
Finance costs	(59 258)	(55 157)
Profit before taxation	3 502 355	3 526 409
Taxation	(950 181)	(988 902)
<b>Profit for the year from continuing operations, net of taxation</b>	<b>2 552 174</b>	<b>2 537 507</b>
<b>Discontinued operations</b>		
Profit after taxation for the year from discontinued operation (refer note 36)	103 183	121 716
Other comprehensive income	206 442	–
<b>Total comprehensive income for the year, net of taxation (group interest therein 50% (2015: 50%))</b> (refer "Equity accounting results for Assmang" below)	<b>2 861 799</b>	<b>2 659 223</b>
Dividends declared during the year	1 750 000	3 000 000
<b>Abridged consolidated statement of financial position of Assmang</b>		
<b>Total assets</b>		
Non-current assets	24 918 898	23 728 211
Current assets		
Inventories	3 712 093	4 448 860
Trade and other receivables	3 557 556	3 532 558
Financial assets	71 450	85 017
Cash resources	4 798 476	4 942 638
Assets held-for-sale	1 843 269	1 585 709
	<b>38 901 742</b>	<b>38 322 993</b>
<b>Total liabilities</b>		
Non-current liabilities		
Deferred taxation liability	5 097 914	5 035 202
Long-term provisions	802 695	959 828
Trade and other payables	96 381	92 344
Current liabilities		
Trade and other payables	1 320 541	1 857 782
Short-term provisions	698 627	608 367
Taxation	213 125	369 778
Liabilities directly associated with the assets held-for-sale	630 964	469 996
	<b>8 860 247</b>	<b>9 393 297</b>
	<b>30 041 495</b>	<b>28 929 696</b>
<b>Net assets</b>	<b>50%</b>	<b>50%</b>
Proportion of the group's ownership		
<b>Carrying amount of investment</b>		
Opening balance	14 585 308	14 768 170
Share of profit after taxation	1 281 000	1 317 138
Share of other comprehensive income, net of taxation	103 221	–
Less: Dividends received	(875 000)	(1 500 000)
Carrying amount of investment in statement of financial position	<b>15 094 529</b>	<b>14 585 308</b>

\* Certain comparative figures have been restated in accordance with the restatements adopted in Assmang's financial statements for 2016, which were previously disclosed as follows (R'000):

– other operating income	650 092
– other comprehensive income	6 752
– non-current assets	23 725 390
– deferred taxation	2 821
– cash resources	5 425 101
– assets held-for-sale	1 103 246
– trade and other payables	1 950 126



## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)

	2016 R'000	2015 R'000
<b>Carrying amount of investment (continued)</b>		
Capital expenditure	2 974 678	3 836 808
Capital commitments	3 521 805	5 035 856
– contracted for	1 123 409	2 286 424
– not contracted for	2 398 396	2 749 432
<b>Equity accounting results of Assmang</b>		
Total comprehensive income for the year, net of taxation	2 861 799	2 659 223
Less: Other comprehensive income from continuing and discontinued operations	(206 442)	–
	2 655 357	2 659 223
Less: Depreciation not recorded in Assmang as assets held-for-sale (Dwarsrivier), effective 25 June 2015, required for group	(68 410)	–
Assmang profit after taxation accounting for Dwarsrivier as a continuing operation 50% thereon	2 586 947	2 659 223
Group consolidation adjustments	(12 474)	(12 474)
Share of profit from joint-venture entity after taxation per income statement	1 281 000	1 317 138
<b>Impairment of assets</b>		
The carrying values of the following assets were fully impaired at year-end, as no future economic benefits were expected to arise from these operations:		
– furnaces and associated assets at Cato Ridge Works	333 110	302 956
– mine properties and associated assets at Machadodorp Works	72 308	–
– one ferromanganese furnace at Machadodorp Works and associated assets	–	362 306
– the off-grade plant at Khumani Iron Ore Mine	–	147 114
	405 418	812 376

	Cost 2016 R'000	Accumulated depreciation and impairment charges 2016 R'000	Carrying amount 2016 R'000	Cost 2015 R'000	Accumulated depreciation and impairment charges 2015 R'000	Carrying amount 2015 R'000
<b>2 PROPERTY, PLANT AND EQUIPMENT</b>						
<b>At year-end</b>						
Land and buildings	159 346	(48 044)	111 302	150 579	(33 041)	117 538
Plant, machinery and equipment	314 411	(270 011)	44 400	316 606	(263 532)	53 074
Vehicles	32 830	(28 697)	4 133	33 235	(21 005)	12 230
Furniture, fittings and office equipment	110 448	(96 149)	14 299	97 709	(84 333)	13 376
Prospecting, exploration, mine development and decommissioning assets	332 957	(330 149)	2 808	304 373	(302 693)	1 680
Mineral and prospecting rights	3 037	(3 037)	–	3 037	(3 037)	–
Capital work-in-progress	–	–	–	32 444	–	32 444
	953 029	(776 087)	176 942	937 983	(707 641)	230 342

## 2 PROPERTY, PLANT AND EQUIPMENT (continued)

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Disposal of subsidiary R'000	Reclassifications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
<b>Movement for the year – 2016</b>							
Land and buildings	117 538	1 462	(191)	–	7 496	(15 003)	111 302
Plant, machinery and equipment	53 074	1 042	(1 143)	(369)	(1 725)	(6 479)	44 400
Vehicles	12 230	896	(1 397)	(369)	465	(7 692)	4 133
Furniture, fittings and office equipment	13 376	11 389	(118)	(6)	1 474	(11 816)	14 299
Prospecting, exploration, mine development and decommissioning assets	1 680	11 042	(7 192)	–	24 734	(27 456)	2 808
Capital work-in-progress	32 444	–	–	–	(32 444)	–	–
	<b>230 342</b>	<b>25 831</b>	<b>(10 041)</b>	<b>(744)</b>	<b>–</b>	<b>(68 446)</b>	<b>176 942</b>

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Disposal of subsidiary R'000	Reclassifications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
<b>Movement for the year – 2015</b>							
Land and buildings	116 564	1 650	(816)	–	1 739	(1 599)	117 538
Plant, machinery and equipment	151 501	3 177	(417)	–	(3 790)	(97 397)	53 074
Vehicles	11 103	1 588	(146)	–	1 673	(1 988)	12 230
Furniture, fittings and office equipment	25 481	1 972	(85)	–	2 151	(16 143)	13 376
Prospecting, exploration, mine development and decommissioning assets	128 149	76 081	(4 597)	–	87 026	(284 979)	1 680
Mineral and prospecting rights	1 897	–	–	–	–	(1 897)	–
Capital work-in-progress	91 154	30 089	–	–	(88 799)	–	32 444
	<b>525 849</b>	<b>114 557</b>	<b>(6 061)</b>	<b>–</b>	<b>–</b>	<b>(404 003)</b>	<b>230 342</b>

**2016**  
**R'000**

2015  
R'000

**Impairment of assets**

The open-cast reserves at Rustenburg Minerals have been substantially depleted and following the suspension of underground mining and development activities, the remaining items of property, plant and equipment, which have no value-in-use, have been impaired in full as follows:

– land and buildings	<b>12 516</b>	283
– plant, machinery and equipment	<b>2 857</b>	86 558
– vehicles	<b>2 788</b>	–
– furniture, fittings and office equipment	<b>904</b>	–
– prospecting, exploration, mine development and decommissioning assets	<b>22 306</b>	276 335
– mineral and prospecting rights	–	1 897
Per note 23	<b>41 371</b>	365 073

In the prior year, management determined that the continued development of the underground shafts and infrastructure at Rustenburg Minerals would not result in a sustainable and profitable operation. The project was further suspended indefinitely and the cost of the shafts capitalised and the related assets were impaired in full, as the value-in-use was determined at zero.

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>3 INTANGIBLE ASSETS</b>		
<b>Licences</b>		
Carrying amount at beginning of year	429	609
Amortisation for the year	(180)	(180)
Carrying amount at end of year	249	429
<b>Goodwill</b>		
Carrying amount at beginning of year	25 733	25 733
Impairment of goodwill during the year (refer below)	(24 315)	–
Carrying amount at end of year	1 418	25 733
	<b>1 667</b>	26 162
Goodwill arises on the acquisition of the following entities:		
Minerais U.S. LLC	1 418	1 418
Groupline Projects Proprietary Limited (Groupline)	–	24 315
As above	<b>1 418</b>	25 733
Goodwill in the amount of R24 315 000, relating to the acquisition of Groupline, was impaired due to insufficient projected cash flows to substantiate the recoverable amount.		
The directors are of the opinion that remaining goodwill recognised will be recovered in the form of future cash flows anticipated from Minerais U.S. LLC and is therefore not impaired.		
<b>4 AVAILABLE-FOR-SALE LISTED INVESTMENTS*</b>		
Listed investments at cost	319 767	319 767
Cumulative impairment charges included in profit or loss (retained earnings)	(170 929)	(140 585)
Opening balance	(140 585)	(26 327)
Impairment of carrying value below cost disclosed in the income statement	(30 344)	(114 258)
Cumulative fair value adjustment included in other comprehensive income	31 246	54 790
Opening balance	54 790	84 548
Fair value adjustment at year-end disclosed in other reserves	(23 544)	(29 758)
	<b>180 084</b>	233 972
<i>* Fair value adjustments have been restated to show impairment charges separately.</i>		



	2016 R'000	2015 R'000
<b>5 INVESTMENT IN FOREIGN LISTED ASSOCIATE</b>		
70 833 333 (2015: 70 833 333) shares in IronRidge Resources Limited (IronRidge)		
– At cost	<b>121 953</b>	121 953
– share of net asset value (NAV)	<b>50 306</b>	50 306
– goodwill	<b>71 647</b>	71 647
Share of equity losses to date	<b>8 483</b>	(1 197)
– balance at beginning of year	<b>(1 197)</b>	–
– share of equity losses for the year	<b>(7 286)</b>	(1 197)
Foreign currency translation reserve recorded in other comprehensive income	<b>11 378</b>	–
– carrying value at end of year	<b>124 848</b>	120 756
The investment represents 29,9% of IronRidge's ordinary share capital, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.		
IronRidge is registered in Australia and is an emerging exploration company, with exploration projects for iron ore in Gabon, lithium in Ghana, gold in Chad and bauxite in Australia.		
In accordance with IFRS, IronRidge is accounted for on the equity accounting basis and Assore has disclosed its share of IronRidge's loss after taxation in its income statement as "Share of loss in foreign listed associate". At year-end, the fair value of the group's investment, based on the AIM price, was R58 752 000 (2015: R56 383 000). On 18 October 2016, being the date on which these financial statements were finalised, the market value of the investment amounted to R154 111 000.		
The financial information set out below has been extracted from the provisional results of IronRidge for the year ended 30 June 2016, converted to the group reporting currency as follows:		
<b>Abridged income statement of IronRidge</b>		
Revenue	<b>61</b>	9
Total reported comprehensive loss for the year	<b>(24 367)</b>	(4 003)
<b>Abridged statement of financial position of IronRidge</b>		
Non-current assets	<b>58 515</b>	29 923
Current assets		
– trade and other receivables	<b>560</b>	277
– other current assets	<b>600</b>	–
– cash resources	<b>119 955</b>	140 674
	<b>179 630</b>	170 874
<b>Total liabilities</b>		
Trade and other payables	<b>4 768</b>	2 563
Net assets	<b>174 862</b>	168 311
Portion owned by group (%)	<b>29,90</b>	29,90
<b>6 INVENTORIES</b>		
Raw materials	<b>1 013 085</b>	890 659
Consumable stores	<b>9 718</b>	25 318
Work-in-progress	<b>1 358</b>	151
Finished goods	<b>13 310</b>	8 634
	<b>1 037 471</b>	924 762
Cost of inventory expensed included in cost of sales	<b>1 805 533</b>	2 079 255
Cost of inventory written down during the year included in cost of sales	<b>3 686</b>	236

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>7 TRADE AND OTHER RECEIVABLES</b>		
Trade	356 117	294 724
Other	62 349	115 601
	<b>418 466</b>	410 325
Trade receivables are non-interest-bearing and the terms range between 30 and 90 days (for more information on credit risk refer note 28.1).		
<b>8 RESTRICTED CASH</b>		
On 25 June 2015, the group acquired ARM's 50% share of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction was subject to certain conditions precedent (CPs), which at year-end had not all been fulfilled. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account. Once all the CPs have been met, the balance (inclusive of accrued interest and certain contractual adjustments to accommodate the change in value of the asset since 1 July 2014 (effective date of acquisition)) will be released in favour of ARM.		
The transaction was completed on 29 July 2016 (refer note 36).		
Cash including interest received held in escrow at year-end		
	<b>479 522</b>	450 000
<b>9 CASH RESOURCES</b>		
Cash on deposit	3 123 433	2 390 207*
Current accounts	34 732	9 828
Cash pledged in favour of bankers by a subsidiary company to secure environmental guarantees issued by them	26 760	21 160
	<b>3 184 925</b>	2 421 195
<i>* Cash on deposit in the prior year has been restated in order to separately disclose cash pledged in favour of bankers for environmental guarantees issued.</i>		
<b>10 SHARE CAPITAL</b>		
<b>Authorised</b>		
200 000 000 (2015: 200 000 000) ordinary shares of 0,5 cents each	<b>1 000</b>	1 000
<b>Issued</b>		
Balance at beginning and end of year		
139 607 000 (2015: 139 607 000) ordinary shares of 0,5 cents each	<b>698</b>	698
<b>11 SHARE PREMIUM</b>		
Balance at beginning and end of year	<b>264 092</b>	264 092
<b>12 TREASURY SHARES</b>		
36 400 000 (2015: 36 400 000) ordinary shares in Assore Limited:		
Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS 904)		
– 16 464 450 (11,79% of the issued share capital) acquired on 19 August 2011 at R163,00 per share	<b>(2 692 555)</b>	(2 692 555)
– Securities transfer taxation thereon	<b>(2 683 705)</b>	(2 683 705)
	<b>(8 850)</b>	(8 850)
Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)	<b>(2 359 028)</b>	(2 359 028)
– 19 935 550 (14,28% of the issued share capital) acquired over the 2006 to 2010 financial years at an average cost of R118,00 per share	<b>(2 352 354)</b>	(2 352 354)
– Transaction and warehousing costs thereon	<b>(6 674)</b>	(6 674)
Balance at end of year	<b>(5 051 583)</b>	(5 051 583)



	2016 R'000	2015 R'000
<b>13 OTHER RESERVES</b>		
Foreign currency translation reserve arising on consolidation	164 431	36 725
Accumulated actuarial gains in Assore pension fund	55 996	52 236
– Balance at beginning of year	52 236	54 961
– Net actuarial gains/(losses) per statement of comprehensive income	3 760	(2 725)
– Actuarial gains/(losses) for the year	5 223	(3 785)
Less: Deferred taxation thereon (refer note 15)	(1 463)	1 060
After tax fair value adjustment arising on the revaluation of available-for-sale listed investments at year-end:	26 815	45 085
Gross fair value adjustment (refer note 4)	31 246	54 790
Less: Deferred capital gains taxation	(4 431)	(9 705)
	<b>247 242</b>	<b>134 046</b>
<b>14 LONG-TERM BORROWINGS</b>		
3 461 (2015: 3 461) unsecured redeemable preference shares of R100 000 each issued to the Standard Bank of South Africa Limited (SBSA) with dividends payable half-yearly at 75% of the prime lending rate published by SBSA		
Unredeemed at beginning of year	346 100	346 100
Voluntary redemption of 3 461 shares on 27 June 2016	(346 100)	–
	–	346 100
Dividends paid during the year were as follows:		
On 5 October 2015 (2015: 6 October 2014)	11 111	11 304
On 2 April 2016 (2015: 2 April 2015)	11 639	11 023
On 27 June 2016, upon voluntary redemption of the above 3 461 shares	6 265	–
	<b>29 015</b>	<b>22 327</b>
<b>15 DEFERRED TAXATION</b>		
<b>At year-end</b>		
Arising on temporary differences		
– accelerated capital allowances	(249)	(1 150)
– provisions raised	5 679	6 222
– pension fund surplus	(19 060)	(16 093)
– revaluation of available-for-sale listed investments	31 289	16 000
– prepaid expenditure	(238)	(15)
	<b>17 421</b>	<b>4 964</b>
<b>Movements</b>		
Balance at beginning of year	4 964	(63 426)
Movements for the current year:		
Movements in income statement		
Arising on temporary differences	11 865	61 781
– accelerated capital allowances	901	53 872
– provisions raised	(543)	(8 285)
– valuation of inventories	–	(103)
– income received in advance	–	(3 313)
– pension fund surplus	(1 505)	(1 683)
– revaluation of available-for-sale listed investments below original cost	13 235	21 308
– prepaid expenditure	(223)	(15)
Arising on change in capital gains taxation rate	(3 219)	–
Arising on temporary differences included in other comprehensive income		
– revaluation of available-for-sale listed investments at year-end	5 274	5 549
– actuarial (gains)/losses on pension fund	(1 463)	1 060
As above	<b>17 421</b>	<b>4 964</b>

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>16 LONG-TERM PROVISIONS</b>		
<b>Environmental obligations</b>		
<b>Provision against cost of decommissioning assets</b>	<b>6 079</b>	6 527
Balance at beginning of year	6 527	3 784
Provisions (utilised)/raised during the year	(1 400)	2 260
Unwinding of discount on the provision	952	483
	<b>16 696</b>	10 588
<b>Provision for cost of environmental restoration</b>		
Balance at beginning of year	10 588	16 110
Provisions raised during the year	4 563	5 627
Transfer between long and short-term provisions	–	(11 973)
Unwinding of discount on the provision	1 545	824
	–	1 318
Balance at beginning of year	1 318	3 488
Provisions (utilised)/raised during the year	(1 318)	219
Transfer between long and short-term provisions	–	(2 389)
	<b>22 775</b>	18 433
Balance at end of year		
The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 8,79% and 10,75% (2015: 6,05% and 8,10%) and the nominal discount rates vary between 8,79% and 10,75% (2015: 6,05% and 8,10%).		
<b>17 SHARE-BASED PAYMENT LIABILITY</b>		
Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled share-based payment transactions during the year, using the Monte Carlo valuation technique	<b>5 779</b>	2 648
EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the EPRs and resultant cash payment is linked to the Assore share price on the date of the payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at a rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date.		
At 30 June 2016, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R9 599 000 (2015: R1 985 000). The number of EPRs that have vested to date amount to 155 290 (2015: 108 858), and have a combined intrinsic value of R3 933 000 (2015: Rnil). The increased value is attributable to the increase in the Assore share price during the year, exceeding the accumulated notional debt on the allocations effected in 2016 and 2015.		
The following assumptions were used in determining the fair value of the EPRs:		
– dividend yield, between 2,39% and 2,47% (2015: 3,59% and 3,72%)		
– expected volatility, between 44,95% and 47,18% (2015: 40,74% and 42,02%)		
– risk-free interest rate between 8,00% and 8,38% (2015: 5,50% and 9,00%)		



	2016 R'000	2015 R'000
<b>18 TRADE AND OTHER PAYABLES</b>		
Trade payables	746 420	231 823
Other payables	76 576	72 585
	<b>822 996</b>	<b>304 408</b>
Trade and other payables are non-interest-bearing and terms vary between 30 and 90 days.		
<b>19 SHORT-TERM PROVISIONS</b>		
<b>Bonuses</b>	<b>8 495</b>	11 486
Balance at beginning of year	11 486	16 194
Provisions raised during the year	8 090	7 155
Payments made during the year	(11 081)	(11 863)
<b>Leave pay</b>	<b>12 291</b>	12 573
Balance at beginning of year	12 573	11 220
Provisions raised during the year	2 877	1 827
Payments made during the year	(2 958)	(2 863)
Transfer between long and short-term provisions	–	2 389
Relief realised on disposal of subsidiary company	(201)	–
<b>Environmental compliance</b>	<b>9 469</b>	4 405
Balance at beginning of year	4 405	25 738
Provisions raised/(utilised) during the year	14 939	(19 780)
Transfer between long and short-term provisions	–	11 973
Payments made during the year	(9 875)	(13 526)
	<b>30 255</b>	<b>28 464</b>
<b>20 OVERDRAFTS</b>		
Owing at end of year	<b>995 774</b>	960 866
Foreign subsidiary, Minerais U.S. LLC, maintains a US dollar denominated overdraft facility with a South African bank which provides it with the ability to borrow up to an aggregate of US\$100 million (2015: US\$100 million) to finance inventory and trade receivables all of which are insured against default. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% above LIBOR which at year-end was 0,40% (2015: 0,11%). The overdraft is guaranteed by the holding company.		
<b>21 REVENUE</b>		
Revenue comprises:		
Sales of mining and beneficiated products	<b>2 033 298</b>	2 513 216
Commissions on sales and technical fees	<b>673 761</b>	643 442
Investment income	<b>218 119</b>	176 821
Interest received	<b>210 446</b>	155 258
Dividends received from available-for-sale investments	<b>7 673</b>	21 563
Other	<b>15 869</b>	23 818
	<b>2 941 047</b>	<b>3 357 297</b>



## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>22 FINANCE COSTS</b>		
Paid and accrued on:		
Preference shares (refer note 14)	29 015	22 327
Unwinding of discount on provisions (refer note 16)	2 497	1 307
Overdraft facilities	7 064	9 757
	<b>38 576</b>	<b>33 391</b>
<b>23 PROFIT BEFORE TAXATION</b>		
Profit before tax is stated after taking into account the following items of income and expenditure:		
<b>Income</b>		
Foreign exchange gains	295	1 503
– realised	155	931
– unrealised	140	572
Relief realised on disposal of subsidiary (refer note 34.3)	8 578	–
<b>Expenditure</b>		
Amortisation of intangible assets (refer note 3)	180	180
Cost of inventories written down (refer note 6)	3 686	236
Depreciation and impairment charges of property, plant and equipment (refer note 2)	68 446	404 003
Depreciation	27 075	38 930
– land and buildings	2 487	1 316
– plant, machinery and equipment	3 622	10 839
– vehicles	4 904	1 988
– furniture, fittings and office equipment	10 912	16 143
– prospecting, exploration, mine development and decommissioning assets	5 150	8 644
Impairment arising at year-end on review of carrying values (refer note 2)	41 371	365 073
Impairment of goodwill	24 315	–
Impairment of trade and other receivables (refer note 34.3)	21 382	–
Foreign exchange losses	–	43
– realised	–	25
– unrealised	–	18
Loss on disposal of property, plant and equipment	5	1 264
Operating lease expenses	828	707
Professional fees	21 552	22 687
Secretarial fees	445	569
Information technology costs	30 148	21 406
Staff costs		
– salaries and wages (including executive directors' emoluments)	261 801	254 351
– pension fund costs (refer note 35)	29 934	28 562
– contributions to medical aid funds	5 362	4 898



	2016 R'000	2015 R'000
<b>24 TAXATION</b>		
South African normal taxation		
– current year	<b>172 463</b>	151 552
– under/(over) provision relating to prior years	<b>5 644</b>	(1 127)
Deferred taxation		
– reversal of temporary differences in current year (refer note 15)	<b>(11 865)</b>	(61 781)
– change in capital gains taxation rate (refer note 15)	<b>3 219</b>	–
Securities transfer taxation on redemption of preference dividends	<b>199</b>	228
Dividend withholding tax, paid on treasury shares	<b>3 513</b>	5 368
Foreign taxation by foreign subsidiary		
– current year	<b>3 203</b>	8 053
	<b>176 376</b>	102 293
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies, which are not on care and maintenance at year-end, for which no deferred taxation assets have been raised. These losses are current and have not expired.	<b>61 764</b>	139 862
<b>Reconciliation of the taxation charge as a percentage of profit before taxation</b>	<b>%</b>	<b>%</b>
Statutory tax rate	<b>28,00</b>	28,00
Adjusted for:		
Under/(over) provision relating to prior years	<b>1,41</b>	(1,47)
Securities transfer taxation on redemption of preference dividends	<b>0,05</b>	0,30
Dividend withholding tax, paid on treasury shares	<b>0,88</b>	6,99
Deferred taxation assets arising on impairment charges not recognised	<b>8,21</b>	147,77
Disallowable expenditure <sup>#</sup>	<b>3,54</b>	18,40
Exempt income	<b>(0,54)</b>	(16,71)
Change in rate of trust taxation	–	0,92
Change in capital gains taxation rate	<b>0,80</b>	–
Other deferred taxation assets not recognised	<b>1,71</b>	(51,00)
Effective tax rate	<b>44,06</b>	133,20
<sup>#</sup> Disallowable expenditure relates to finance costs on preference shares, legal and professional fees and other expenses of a capital nature not qualifying for deductions.		

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016	2015
<b>25 EARNINGS AND HEADLINE EARNINGS PER SHARE</b>		
Earnings per share (cents) (basic and diluted)	<b>1 491</b>	1 360
Headline earnings per share (cents) (basic and diluted)	<b>1 690</b>	1 915
The above calculations were determined using the following information:		
	<b>R'000</b>	R'000
<b>Earnings</b>		
Profit attributable to shareholders of the holding company	<b>1 539 363</b>	1 403 371
<b>Headline earnings</b>		
Earnings as above	<b>1 539 363</b>	1 403 371
Adjusted for:		
Impairment of non-financial assets in joint-venture entity	<b>145 950</b>	292 455
– before taxation (refer note 1)	<b>202 709</b>	406 188
– taxation effect	<b>(56 759)</b>	(113 733)
Impairment of non-financial assets in subsidiaries – attributable (refer note 2)	<b>23 168</b>	180 368
Impairment of non-financial assets in group (before non-controlling shareholder's portion)	<b>41 371</b>	322 085
– before taxation	<b>41 371</b>	365 073
– taxation effect	<b>–</b>	(42 988)
Less: Non-controlling shareholder's portion	<b>(18 203)</b>	(141 717)
Impairment of financial assets	<b>23 547</b>	92 951
– before taxation (refer note 4)	<b>30 344</b>	114 258
– taxation effect	<b>(6 797)</b>	(21 307)
Impairment of goodwill (refer note 3)	<b>24 315</b>	–
(Profit)/loss on disposal of property, plant and equipment in joint-venture entity	<b>(5 995)</b>	6 296
– before taxation	<b>(8 326)</b>	8 745
– taxation effect	<b>2 331</b>	(2 449)
Relief realised on disposal of subsidiary	<b>(6 176)</b>	–
– before taxation (refer note 34.3)	<b>(8 578)</b>	–
– taxation effect	<b>2 402</b>	–
Loss on disposal of property, plant and equipment in subsidiaries	<b>4</b>	910
– before taxation (refer note 23)	<b>5</b>	1 264
– taxation effect	<b>(1)</b>	(354)
	<b>1 744 176</b>	1 976 351
<b>Shares in issue</b>		
Weighted number of ordinary shares in issue ('000)		
Ordinary shares in issue	<b>139 607</b>	139 607
Treasury shares held in trust (refer note 12)	<b>(36 400)</b>	(36 400)
Weighted average number of shares in issue for the year	<b>103 207</b>	103 207

	2016 R'000	2015 R'000
<b>26 DIVIDENDS</b>		
<b>Dividends declared during the year</b>		
Final dividend No 117 of 300 cents (2015: 550 cents) per share – declared on 26 August 2015	418 821	767 839
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Total dividend for the year	698 035	1 186 660
Less: Dividends attributable to treasury shares	(182 000)	(309 400)
	<b>516 035</b>	877 260
Per share (cents)	<b>500</b>	850
<b>Dividends relating to the activities of the group for the year under review</b>		
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Final dividend No 119 of 500 cents (2015: 300 cents) per share – declared on 6 September 2016	698 035	418 821
Less: Dividends attributable to treasury shares	(254 800)	(218 400)
	<b>722 449</b>	619 242
Per share (cents)	<b>700</b>	600
<b>27 NOTES TO THE STATEMENT OF CASH FLOW</b>		
<b>27.1 Cash generated from operations</b>		
Profit before taxation	400 303	76 792
Adjusted for:		
– interest received	(210 446)	(155 258)
– dividends received	(7 673)	(21 563)
– loss on disposal of property, plant and equipment	5	1 264
– profit on disposal of subsidiary	(8 578)	–
– net foreign exchange gains	(295)	(1 460)
– cost of inventories written down	3 686	236
– depreciation of property, plant and equipment	27 075	38 930
– impairment of property, plant and equipment	41 371	365 073
– impairment of financial assets to below original cost	30 344	114 258
– impairment of goodwill	24 315	–
– impairment of trade and other receivables	21 382	–
– amortisation of intangibles	180	180
– finance costs	38 576	33 391
– movements in long-term provisions	4 342	(4 949)
– cash-settled share-based payment charges	3 131	(1 104)
	<b>367 718</b>	445 790

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>27 NOTES TO THE STATEMENT OF CASH FLOW (continued)</b>		
<b>27.2 Movements in working capital</b>		
Movement in inventories	(112 709)	(297 572)
Movement in foreign currency translation	6 191	1 647
Movement in trade and other receivables	(8 141)	(26 402)
Movement in trade and other payables	518 588	(142 696)
Payments against short-term provisions	(23 914)	(28 252)
	<b>380 015</b>	<b>(493 275)</b>
<b>27.3 Finance costs</b>		
Finance costs per income statement	38 576	33 391
Unwinding of discount on environmental obligations	(2 497)	(1 307)
Accrual raised for preference share dividend	–	(11 364)
	<b>36 079</b>	<b>20 720</b>
<b>27.4 Taxation paid</b>		
Unpaid at beginning of year	(27 428)	(29 279)
Charged to the income statement	(176 376)	(102 293)
Movement in deferred taxation (refer note 15)	(8 646)	(61 781)
Unpaid at end of year	39 348	27 428
	<b>(173 102)</b>	<b>(165 925)</b>
<b>27.5 Dividends paid to shareholders of the holding company</b>		
Unpaid at beginning of year	(2 451)	(1 268)
Declared during the year (refer note 26)	(698 035)	(1 186 660)
Dividends attributable to treasury shares (refer note 26)	182 000	309 400
Unpaid at end of year included in other payables	2 623	2 451
	<b>(515 863)</b>	<b>(876 077)</b>

## 28 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 boards of the individual companies in the group (boards) have overall responsibility for the establishment and oversight of the risk management framework. These boards have delegated these responsibilities to the group's Executive Committee, which is responsible for the development and monitoring of risk management within the group. The 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 activities of the group.

The roles and responsibilities of the committees 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 internal auditors undertake regular and *ad hoc* reviews of risk management, controls and procedures, the results of which are monitored by the Assore Audit and Risk Committee.



## 28 FINANCIAL RISK MANAGEMENT (continued)

### 28.1 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 which have a well-established credit history are allowed to transact on open account. The group maintains credit insurance on certain accounts in South Africa and all accounts established in the United States.

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 involved.

#### Credit exposure and concentrations of credit risk

The carrying value of the financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all financial assets held and recognised in the statement of financial position.

	2016 R'000	2015 R'000
Restricted cash	479 522	450 000
Cash resources	3 184 925	2 421 195
Trade receivables	356 117	294 724
– local	75 453	24 168
– foreign	280 664	270 556
Other receivables	62 349	115 601
	<b>4 082 913</b>	<b>3 281 520</b>
	<b>2016 Carrying amount of receivables not impaired R'000</b>	<b>2015 Carrying amount of receivables not impaired R'000</b>
<b>Trade receivables</b>	<b>356 117</b>	<b>294 724</b>
Not past due, not impaired	355 305	292 016
Past due, not impaired as considered recoverable	812	2 708
<b>Other receivables</b>	<b>62 349</b>	<b>115 601</b>
Not past due, not impaired	62 349	115 601
	<b>418 466</b>	<b>410 325</b>

### 28.2 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 by the Executive Committee 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 with large South African banks.

#### Undrawn credit facilities

In terms of the Memorandum of Incorporation (MoI) of the holding company, its borrowing powers are unlimited.

The holding company has facilities in place to issue letters of credit and bank guarantees where required and to ensure liquidity (refer note 32). Subsidiary company, Minerais U.S. LLC has a banking facility in place secured by a holding company guarantee, to finance its inventory and receivables, which bear interest at a rate linked to LIBOR. At year-end, the facility was US\$100 million (2015: US\$100 million), of which US\$67 000 000 (2015: US\$78 310 000) was utilised.

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 28 FINANCIAL RISK MANAGEMENT (continued)

#### 28.2 Liquidity risk (continued)

Exposure to liquidity risk

The following table indicates the anticipated timing of cash flows for the group's financial assets and liabilities, including guarantees at year-end as determined by contractual maturity date including interest receipts and payments.

	Contracted maturity date					
	Carrying amount R'000	Total expected 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
<b>2016</b>						
<b>Financial assets</b>						
Listed and unlisted investments <sup>#</sup>	224 675	224 675				224 675
Investment in foreign listed associate	124 848	124 848	–	–	–	124 848
Trade and other receivables	418 466	418 466	418 466	–	–	–
Restricted cash	479 522	479 522	479 522	–	–	–
Cash resources	3 184 925	3 184 925	3 184 925	–	–	–
	<b>4 432 436</b>	<b>4 432 436</b>	<b>4 082 913</b>	–	–	<b>349 523</b>
<b>Financial liabilities</b>						
Trade and other payables	822 996	822 996	822 996	–	–	–
Overdrafts	995 774	995 774	995 774	–	–	–
Guarantees	210 762	210 762	210 762	–	–	–
	<b>2 029 532</b>	<b>2 029 532</b>	<b>2 029 532</b>	–	–	–
<b>2015</b>						
<b>Financial assets</b>						
Listed and unlisted investments <sup>#</sup>	281 780	281 780	–	–	–	281 780
Investment in foreign listed associate	120 756	120 756	–	–	–	120 756
Trade and other receivables	410 325	410 325	410 325	–	–	–
Restricted cash	450 000	450 000	450 000	–	–	–
Cash resources	2 421 195	2 421 195	2 421 195	–	–	–
	<b>3 684 056</b>	<b>3 684 056</b>	<b>3 281 520</b>	–	–	<b>402 536</b>
<b>Financial liabilities</b>						
Preference shares issued	346 100	364 609	6 667	11 842	346 100	–
Trade and other payables	304 408	304 408	304 408	–	–	–
Overdrafts	960 866	960 866	960 866	–	–	–
Guarantees	205 530	205 530	205 530	–	–	–
	<b>1 816 904</b>	<b>1 835 413</b>	<b>1 477 471</b>	<b>11 842</b>	<b>346 100</b>	–

<sup>#</sup> These investments do not have contractual maturities, but have been presented in the "more than five years" column as, at present, the group does not intend to dispose of these investments within the next five years.

#### 28.3 Market risk

Market risk is defined as the risk that movements in market 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's 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 members of the Executive Committee on a weekly basis, and forecasts against budget are prepared for the entire group on a monthly basis.

##### 28.3.1 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 banking facilities. There is no fair value interest rate risk, as there are no fixed rate financial instruments.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from members of the Executive Committee and senior executives of its offshore interests. Interest rates are monitored on an ongoing basis and the policy is to maintain short-term cash surpluses adequate to meet the group's ongoing cash flow requirements at floating rates of interest.

## 28 FINANCIAL RISK MANAGEMENT (continued)

### 28.3 Market risk (continued)

#### 28.3.1 Interest rate risk (continued)

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

	2016 R'000	2015 R'000
<b>Variable rate instruments</b>		
<b>Liabilities</b>		
Preference shares (included in long-term borrowings (refer note 14))	–	346 100
Overdrafts (refer note 20)	<b>995 774</b>	960 866
<b>Assets</b>		
Cash resources (refer note 9)	<b>3 184 925</b>	2 421 195

#### 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 applicable to variable rate instruments at the reporting date would have increased profit after taxation by R7 881 000 (2015: R4 011 000). This assumes that all other variables remain constant. There is no impact on the group's equity. Net effect on profit or loss is equal but opposite for a 50 basis points decrease in interest rates on the variable instruments listed above.

#### 28.3.2 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 mineral prices. The group also has transactional foreign exchange exposures, which arise from sales or purchases by the group in currencies other than the group's functional currency. These markets are predominantly priced in US dollar and to a lesser extent in euros which exposes the group to the risk that fluctuations in the SA rand exchange rates may have a positive or negative impact on current or future earnings.

The group manages its commodity price risk, to which it is exposed through its investment in Assmang, by concluding supply contracts with certain customers for periods of up to three months. Contracts with other customers contain retrospective pricing arrangements which may impact the group either positively or negatively. With respect to its exposure to foreign currency fluctuations, the group constantly reviews the extent to which its foreign currency exposures are covered by forward exchange contracts, taking into account changes in operational forecasts and market conditions and the group's hedging policy (refer "Forward exchange contracts and other commitments" below).

The group's exposure to currency risk at year-end was as follows:

	2016 R'000	2015 R'000
Foreign receivables included in trade receivables		
– US dollar denominated	<b>280 664</b>	275 312
Foreign overdraft (refer note 20)		
– US dollar denominated	<b>995 774</b>	960 866
Total exposure at year-end	<b>1 276 438</b>	1 236 178

#### Foreign currency sensitivity analysis

A 5% strengthening of the rand against the US dollar would have decreased other comprehensive income for the year by R25 744 000 (2015: R44 502 000) as a result of revaluation of foreign denominated balances. A 5% weakening of the rand against the abovementioned currencies would have had an equal but opposite effect on other comprehensive income, on the basis that all other variables remained constant.



## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 28 FINANCIAL RISK MANAGEMENT (continued)

#### 28.3 Market risk (continued)

Forward exchange contracts and other commitments

The group undertakes economic hedging of receivables denominated in US dollar at times when the rand/US dollar exchange rate appears volatile. The level of exposure on these limited hedging activities did not exceed US\$100 million (2015:US\$100 million) at any stage during the year.

A foreign subsidiary had forward commitments with regard to its inventory of ores, alloys and metals, which for accounting purposes are regarded as executory contracts and are therefore not included in the statement of financial position, but can be summarised as follows:

	2016		2015	
	Foreign currency amount US\$'000	Presentation currency notional amount R'000	Foreign currency amount US\$'000	Presentation currency notional amount R'000
<b>Purchase contracts</b>				
US dollar	13 100	194 696	11 300	138 669
<b>Sales contracts</b>				
US dollar	33 800	502 346	20 200	247 886

#### Equity price risk

The group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R180,0 million (2015: R234,0 million). A decrease of 1% on the relevant market index would have an impact of approximately R1,8 million (2015: R2,3 million) on other comprehensive income attributable to the group, depending on whether or not the decline is significant or prolonged. An increase of 1% in the value of the listed investments would only impact other comprehensive income, but would not have an effect on profit or loss unless the shares are sold or fall below cost.

### 29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The categorisation of each class of financial asset and liability in terms of IAS 39 *Financial Instruments: Recognition and Measurement* is included below:

	Available- for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
<b>2016</b>				
<b>Financial assets</b>				
Listed and unlisted investments	224 675	–	–	224 675
Trade and other receivables	–	418 466	–	418 466
Restricted cash	–	506 282	–	506 282
Cash resources	–	3 158 165	–	3 158 165
	224 675	4 082 913	–	4 307 588
<b>Financial liabilities</b>				
Trade and other payables	–	–	822 996	822 996
Overdrafts	–	–	995 774	995 774
	–	–	1 818 770	1 818 770

## 29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The classification of financial assets and liabilities is included below:

	Available- for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
<b>2015</b>				
<b>Financial assets</b>				
Listed and unlisted investments	281 780	–	–	281 780
Trade and other receivables	–	410 325	–	410 325
Restricted cash	–	471 160	–	471 160
Cash resources	–	2 400 035	–	2 400 035
	281 780	3 281 520	–	3 563 300
<b>Financial liabilities</b>				
Interest-bearing borrowings	–	–	346 100	346 100
Trade and other payables	–	–	304 408	304 408
Overdrafts	–	–	960 866	960 866
	–	–	1 611 374	1 611 374

### Determination of fair values

Available-for-sale instruments are valued using quoted market prices. The values of other investments and forward exchange contracts are determined using directly observable inputs. The carrying amounts of all other financial assets and liabilities approximate their fair values.

### Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments:

Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;

Level 2: valuation techniques using inputs, which are directly or indirectly observable; and

Level 3: valuations based on data that is not observable (not applicable to the group).

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value. The following assets, all measured at level 1, were required to be recorded at fair value as follows:

	2016 R'000	2015 R'000
<b>Recurring fair value measurements</b>		
<b>Assets measured at fair value</b>		
Available-for-sale listed investments	180 084	233 972
Available-for-sale unlisted investments	44 591	47 808
	224 675	281 780

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 30 CAPITAL MANAGEMENT

The board's policy regarding capital management is 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 total equity and borrowing facilities. 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.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices. 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, to ensure that as far as possible the deposit can be mined on a sustainable basis to the end of its estimated life.

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

### 31 COMMITMENTS

At year-end, the group had the following commitments:

	2016 R'000	2015 R'000
<b>Capital</b>		
Expenditure authorised and contracted for	1 771	3 926
Expenditure authorised but not contracted for	1 945	27 562
	<b>3 716</b>	<b>31 488</b>
<b>Operating lease commitments</b>		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	1 359	1 140
After one year but not more than five years	457	1 500
The group's commitments will be met by future anticipated cash flows	<b>1 816</b>	<b>2 640</b>

### 32 CONTINGENT LIABILITIES

#### Holding company

Maximum\* amount in addition to the R450 million in restricted cash payable for the acquisition of the Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 36)

Guarantees issued

- guarantees issued to bankers to secure short-term export facility#
- cash-covered guarantees issued to the Department of Mineral Resources for rehabilitation required on the group's mines (refer note 9)
- performance guarantees issued to third parties by subsidiary companies

55 313	800 000
210 762	205 530
<b>180 000</b>	<b>180 000</b>
<b>26 760</b>	<b>21 160</b>
<b>4 002</b>	<b>4 370</b>
<b>266 075</b>	<b>1 005 530</b>

\* In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014, decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent were met in order for the transaction to be completed.

# 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. The facility was unused at year-end.

### 33 SEGMENTAL INFORMATION

The following segments are separately monitored by management and form the group's reportable segments:

#### Joint venture mining and beneficiation

Assore's principal investment is its 50% share in Assmang Proprietary Limited (Assmang).

Assmang's operations are managed by commodity mined and, where applicable, beneficiated at various works operations. Accordingly, this segment is further analysed as follows:

- iron ore (Iron Ore division);
- manganese ore and alloys (Manganese division); and
- chrome ore and charge chrome (Chrome division).

For purposes of presenting segmental information, disclosure is made of the entire value of the information pertaining to Assmang, with the portion attributable to the other joint-venture partner (50%) shown as part of the consolidation adjustments.

#### Marketing and shipping

In terms of the joint-venture arrangement with Assmang, Assore and certain of its subsidiaries are responsible for the marketing and shipping of Assmang's product. In addition, another subsidiary provides consulting and engineering expertise to Assmang and other group companies.

#### Other mining and beneficiation

This segment contains the chrome operations managed by Rustenburg Minerals Development Company Proprietary Limited and Zeerust Chrome Mines Limited, as well as the pyrophyllite and ceramic operations of Wonderstone Limited.

R'000	Joint venture mining and beneficiation			Sub-total	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation	Total
	Iron Ore division	Manganese division	Chrome division					
<b>Year to 30 June 2016</b>								
Revenues								
Third party	12 532 603	6 666 055	1 893 709	21 092 367	2 650 817	290 230	(21 092 367)	2 941 047
Inter-segment	–	–	–	–	5 542	–	(5 542)	–
Total revenues	12 532 603	6 666 055	1 893 709	21 092 367	2 656 359	290 230	(21 097 909)	2 941 047
Contribution to profit/(loss) for the year	2 440 236	103 748	42 962	2 586 946	367 384	(143 457)	(2 586 946)	223 927
Contribution to headline earnings*	2 429 137	394 758	42 965	2 866 860	377 106	(66 360)	(1 433 430)	1 744 176
Impairment of financial and non-financial assets	–	(405 418)	–	(405 418)	–	(117 412)	202 709	(320 121)
<b>Statement of financial position</b>								
Consolidated total assets	25 982 501	11 044 725	1 576 180	38 603 406	1 217 940	308 893	(19 301 703)	20 828 536
<b>Other information</b>								
Finance income	406 383	9 868	667	416 918	204 257	6 189	(416 918)	210 446
Finance costs	25 173	34 084	3 219	62 476	32 324	6 252	(62 476)	38 576
Depreciation and amortisation	1 517 071	472 161	105 764	2 094 996	9 492	17 603	(2 094 996)	27 255
Taxation	917 170	30 823	23 273	971 266	170 467	5 909	(971 266)	176 376
Capital expenditure	901 037	1 927 538	146 103	2 974 678	25 133	698	(2 974 678)	25 831

\* Includes equity-accounted results of Assmang and IronRidge.

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 33 SEGMENTAL INFORMATION (continued) Other mining and beneficiation (continued)

R'000	Joint venture mining and beneficiation			Sub-total	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation	Total
	Iron Ore division	Manganese division	Chrome division					
<b>Year to 30 June 2015</b>								
Revenues								
Third party	12 622 422	7 152 284	1 798 712	21 573 418	3 007 156	350 141	(21 573 418)	3 357 297
Inter-segment	–	–	–	–	5 101	–	(5 101)	–
Total revenues	12 622 422	7 152 284	1 798 712	21 573 418	3 012 257	350 141	(21 578 519)	3 357 297
Contribution to profit/(loss) for the year	2 381 257	94 165	183 802	2 659 224	197 485	(222 986)	(2 659 224)	(25 501)
Contribution to headline earnings*	2 495 430	577 496	183 802	3 256 728	290 436	57 551	(1 628 364)	1 976 351
Impairment of financial and non-financial assets	(147 114)	(665 262)	–	(812 376)	–	(479 331)	406 188	(885 519)
<b>Statement of financial position</b>								
Consolidated total assets	25 563 489	11 274 011	1 344 122	38 181 622	4 806 946	384 887	(23 860 387)	19 513 068
<b>Other information</b>								
Finance income	411 967	9 696	1 461	423 124	152 342	2 916	(423 124)	155 258
Finance costs	27 453	27 703	2 375	57 531	28 832	4 559	(57 531)	33 391
Depreciation and amortisation	1 421 457	421 506	91 414	1 934 377	16 683	22 427	(1 934 377)	39 110
Taxation	939 881	27 503	79 298	1 046 682	135 737	(33 444)	(1 046 682)	102 293
Capital expenditure	1 645 676	1 983 833	207 299	3 836 808	7 919	83 245	(3 836 808)	91 164

\* Includes equity-accounted results of Assmang and IronRidge.

### Geographical information

Geographical segment by location of customers

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

	2016			2015		
	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000
<b>Customers by locations</b>						
Far East	12 476 319	21 613	12 497 932	11 467 272	10 744	11 478 016
Europe	2 306 454	2 629	2 309 083	3 635 509	3 889	3 639 398
USA	1 716 791	1 745 749	3 462 540	1 086 620	2 232 641	3 319 261
South Africa	2 969 603	1 170 155	4 139 758	3 386 259	1 109 557	4 495 816
Other – foreign	1 623 200	901	1 624 101	1 997 758	466	1 998 224
Total	21 092 367	2 941 047	24 033 414	21 573 418	3 357 297	24 930 715

Notes:

- Included in the sub-total of revenue for the year is revenue from one iron ore customer amounting to R2 607 million. In the prior year, there were no individual customers whose contribution to revenue exceeded 10% of the total, as consolidated.
- The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11.



### 34 RELATED-PARTY TRANSACTIONS

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties. The following entities were identified as related parties to the group:

		2016 R'000	2015 R'000
African Mining and Trust Company Limited (AMT)	Subsidiary company		
African Rainbow Minerals (ARM)	Joint-venture partner		
Assmang Limited (Assmang)	Joint-venture entity		
IronRidge Resources (IronRidge)	Associate		
Minerais U.S. LLC (shareholding: 51% (2015: 51%) (Minerais))	Subsidiary company		
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company		
Oresteel Investments Proprietary Limited (Oresteel)	Ultimate holding company		
Rustenburg Minerals Development Company Proprietary Limited (shareholding: 56% (2015: 56%) (Rustenburg Minerals))	Subsidiary company		
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company		

#### 34.1 Details of transactions with related parties

The following significant related-party transactions occurred during the year:

AMT	Commissions received from Assmang	299 675	291 573
Minerais U.S. LLC	Commissions received from Assmang	17 675	32 117
Ore & Metal	Commissions received from Assmang	374 087	351 869
Sumitomo	Commissions paid by Ore & Metal	172 108	225 498
Key management personnel – holding company	Directors' fees	2 341	1 938
– subsidiary companies	Remuneration (including executive directors)	129 600	132 598
	Post-employment benefits	9 941	8 932

#### Amounts payable to/receivable from related parties at end of the year

ARM	Amounts receivable from Ore & Metal	3 670	13 556
AMT	Amounts receivable from Ore & Metal	319 761	212 311
Minerais	Amounts payable to Ore & Metal	27 073	14 402
Ore & Metal	Amounts payable to Assmang	537 749	99 844
Sumitomo	Amounts receivable from Ore & Metal	178 006	125 419

## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 34 RELATED-PARTY TRANSACTIONS (continued)

#### 34.2 Subsidiary with a material non-controlling interest

Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), the principal business of which is the mining and beneficiation of chrome ores in the vicinity of Rustenburg, is a subsidiary of AMT. The group holds a 56% (2015: 56%) interest in Rustenburg Minerals.

	2016 R'000	2015 R'000
<b>Abridged income statement of Rustenburg Minerals</b>		
Turnover	173 413	158 689
Loss before taxation	(114 156)	(363 942)
Taxation	–	42 989
Total comprehensive loss (group interest therein 56% (2015: 56%))	(114 156)	(320 953)
<b>Abridged statement of financial position of Rustenburg Minerals</b>		
Non-current assets	–	39 777
Current assets		
Inventories	18 739	13 879
Trade and other receivables	12 251	6 770
Cash resources	456	791
	31 446	61 217
<b>Total liabilities</b>		
Non-current liabilities		
Long-term provisions	14 436	18 072
Loans from group companies	178 590	129 792
Current liabilities		
Short-term provisions	7 280	7 680
Trade and other payables	62 107	22 483
	262 413	178 027
Net (liabilities)/assets	(230 967)	(116 810)
Proportion of the group's ownership (%)	56,0	56,0
Accumulated non-controlling interest (at 44%)	(101 625)	(51 396)
<b>34.3 Disposal of subsidiary</b>		
The group disposed of its 51% interest held in Icermax Proprietary Limited on 29 February 2016 (effective date), due to ongoing losses incurred on this investment.		
The following assets and liabilities were disposed of as part of the above transaction:		
Property, plant and equipment	744	
Inventories	4 362	
Trade and other receivables	112	
Cash resources	47	
Loans from group companies	(21 382)	
Short-term provisions	(201)	
Trade and other payables	(492)	
Net liabilities disposed of	(16 810)	
49% non-controlling shareholder's interest disposed of	8 232	
Relief realised on disposal of subsidiary	(8 578)	



## 35 RETIREMENT BENEFIT INFORMATION

### Pensions

Assore Limited is a holding company which operates through its joint-venture entities and various subsidiary and associate companies and, as such, does not have any employees.

All subsidiary companies provide retirement benefits through either a defined contribution fund (termed "umbrella fund") or a defined benefit fund.

#### Defined contribution fund

The group and employees contribute 10% and 5% of pensionable salary to the umbrella fund respectively. Contributions to the fund amounted to R4,7 million (2015: R4,9 million) and the value amounted to R16,8 million (2015: R26,2 million) at year-end. Decrease in the value of the fund is due to the retrenchments which occurred at Rustenburg Minerals during the year.

#### Defined benefit – Assore Pension Fund

In terms of the Pension Funds Act, the Assore Pension Fund is actuarially valued every three years. The most recently completed statutory actuarial valuation was performed as at 1 July 2015 and revealed a 111,8% funding level. An interim check was performed for funding purposes as at 1 July 2016, which revealed a 114,1% funding level (2015: 112,9%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2016 R'000	2015 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	476 302	428 273
Current service cost	36 490	34 813
Interest cost	41 165	39 010
Actuarial gain – experience	–	(1 381)
Actuarial gain – assumptions	(2 259)	(14 067)
Benefits paid	(67 600)	(10 346)
<b>Benefit obligation at end of year</b>	<b>484 098</b>	<b>476 302</b>
Change in plan assets		
Fair value of plan assets at beginning of year	533 776	485 246
Expected return on plan assets	47 721	45 261
Actuarial loss on plan assets – experience and assumptions	(890)	(19 233)
Employer contributions	30 475	24 502
Employee contributions	8 686	8 346
Benefits paid	(67 600)	(10 346)
<b>Fair value of plan assets at end of year</b>	<b>552 168</b>	<b>533 776</b>
<b>Net surplus at year-end per statement of financial position</b>	<b>68 070</b>	<b>57 474</b>
<b>Components of periodic expense</b>		
Current service cost	36 490	34 813
Interest cost	41 165	39 010
Expected return on plan assets	(47 721)	(45 261)
<b>Net pension cost for the year</b>	<b>29 934</b>	<b>28 562</b>
Plan assets invested as follows:	%	%
Equity securities	71	70
Debt securities	22	23
Property	1	1
Other (cash, cash awaiting investment, bank account)	6	6
	<b>100</b>	<b>100</b>



## Notes to the consolidated financial statements continued

for the year ended 30 June 2016

### 35 RETIREMENT BENEFIT INFORMATION (continued)

#### 35.1 Pensions (continued)

	2016 R'000	2015 R'000*
The maturity profile of the benefit obligation at the end of the year is as follows:		
Due within one year	68 429	51 887
Due within two years	20 286	58 724
Due within three years	19 263	18 908
Due within four years	20 027	17 600
Due within five years	11 385	18 338
Due between six and 10 years	126 230	82 333
Due thereafter	218 478	228 512
	<b>484 098</b>	476 302
Expected contribution next year	26 462	39 417
Actual return on assets for the year comprises:	46 831	26 028
– expected return on plan assets for the year	47 721	45 261
– actuarial gains on plan assets	(890)	(19 233)
* The maturity profile and the impact of changes to assumptions have been restated for the prior year to be actuarially consistent with the calculation methodology adopted in the current year. The figures previously reported were as follows (R'000):		
Due within one year	44 227	
Due within two years	19 394	
Due within three years	57 694	
Due within four years	21 858	
Due within five years	26 479	
Due between six and 10 years	81 216	
Due thereafter	225 434	
<b>Actuarial assumptions</b>		
The above valuations are based on the following principal actuarial assumptions:		
	%	%
Expected return on plan assets	9,30	8,80
Post-retirement interest rate	3,60	3,60
Price inflation rate	7,40	6,90
Salary inflation rate	8,40	7,90
Pension increases	5,50	5,20

#### Other assumptions

Mortality rate for members still in service assumed at zero.

Pension mortality PA (90) – ultimate table, adjusted for two years' additional longevity since the previous year-end.

Merit salary increases 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.

**35 RETIREMENT BENEFIT INFORMATION (continued)****35.1 Pensions (continued)****Other assumptions (continued)**

Set out below is a quantitative sensitivity analysis on the principal assumptions referred to above:

2016	Interest		Post-retirement		Price inflation		Salary inflation		Pension increases	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Assumptions										
Impact on defined benefit obligation	(42 217)	57 839	(31 444)	62 652	98 595	(57 089)	50 273	(36 778)	65 869	(32 193)

2015	Interest		Post-retirement		Price inflation		Salary escalation		Pension increases	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Assumptions										
Impact on defined benefit obligation	(43 629)	57 323	(32 899)	62 159	97 512	(61 703)	45 920	(38 136)	63 552	(34 477)

**36 EVENT AFTER THE REPORTING PERIOD**

On 29 July 2016, the holding company acquired the entire issued share capital of Dwarsrivier Chrome Mine Proprietary Limited (DCM) from Assmang.

The acquisition of DCM results in an improved balance in the group's product risk.

The fair value of assets acquired and liabilities assumed as part of this business combination, based on values as at 30 June 2016, was as follows:

	R'000
Property, plant and equipment	1 136 980
Other non-current financial assets	17 683
Inventories	382 902
Trade and other receivables	188 637
Other current financial assets	12 384
Cash resources	12 787
Long-term provisions	(63 322)
Trade and other payables	(277 918)
Short-term provisions	(119 695)
<b>Net asset value acquired, at fair value</b>	<b>1 290 438</b>
<b>Deferred tax liability raised in respect of the fair value of assets acquired and liabilities assumed</b>	<b>(210 617)</b>
<b>Fair value of interest already held by the group</b>	<b>(494 955)</b>
– purchase price for acquisition of 50% DCM "A" shares issued to ARM	(225 000)
– fair value of equity interest distributed by Assmang	(269 955)
<b>Fair value of purchase consideration</b>	<b>(540 207)</b>
Purchase price, agreed as at 1 July 2014 (cash consideration, refer note 8)	(450 000)
Amount refunded to Assmang for operating funds advanced between 1 July 2014 and 30 June 2016, net of profits realised in the same period (refer note 32)	(55 313)
Interest foregone on purchase consideration placed in escrow on 1 July 2015 and paid to seller on 29 July 2016 in terms of acquisition agreement	(34 894)
<b>Bargain purchase gain</b>	<b>44 659</b>

The above bargain purchase gain results largely from the purchase price being agreed upon as at 1 July 2014 and the transaction being concluded on 29 July 2016, when all of the conditions precedent were met.

Had control been obtained by 1 July 2015, the following income statement disclosures for 2016 would have been adjusted as follows:

	Audited R'000	Adjustment R'000	Pro forma adjusted R'000
Profit for the year attributable to shareholders of the holding company	1 539 363	17 934	1 557 297
Revenue	2 941 047	1 667 301	4 608 348

## Company statement of financial position

as at 30 June 2016

	Note	2016 R'000	2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in group companies	1	470 592	470 592
Available-for-sale investments	2	180 209	234 097
Investment in foreign listed associate	3	121 953	121 953
Loans to group companies	1	4 629 538	4 680 891
Deferred taxation	4	31 290	16 000
		<b>5 433 582</b>	<b>5 523 533</b>
<b>Current assets</b>			
Other receivables		498 597	312 404
Restricted cash	5	479 522	450 000
Cash resources	6	702 214	698 125
		<b>1 680 333</b>	<b>1 460 529</b>
<b>Total assets</b>		<b>7 113 915</b>	<b>6 984 062</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	698	698
Share premium	8	264 092	264 092
Retained earnings		5 710 098	5 233 681
Other reserves	9	26 302	44 572
<b>Total equity</b>		<b>6 001 190</b>	<b>5 543 043</b>
<b>Non-current liabilities</b>			
Loans from group companies	1	1 079 305	1 078 041
Long-term borrowings	10	–	346 100
		<b>1 079 305</b>	<b>1 424 141</b>
<b>Current liabilities</b>			
Other payables		31 931	15 923
Taxation		1 489	955
		<b>33 420</b>	<b>16 878</b>
<b>Total equity and liabilities</b>		<b>7 113 915</b>	<b>6 984 062</b>

## Company income statement

for the year ended 30 June 2016

	Note	2016 R'000	2015* R'000
<b>Revenue</b>	11	<b>1 240 941</b>	1 845 328
Income from investments		<b>1 240 941</b>	1 845 328
– dividends received from joint-venture entity		<b>875 000</b>	1 500 000
– preference dividends received from empowerment entities		<b>295 079</b>	267 340
– dividends received from available-for-sale listed investments		<b>5 972</b>	18 746
– dividends received from unlisted instruments		<b>20</b>	18
– interest received		<b>64 870</b>	59 224
Administrative expenses		<b>(5 282)</b>	(8 170)
Impairment of financial assets to below original cost	2	<b>(30 344)</b>	(114 258)
Finance costs		<b>(22 750)</b>	(22 827)
<b>Profit before taxation</b>	12	<b>1 182 565</b>	1 700 073
Taxation (charge)/credit	13	<b>(8 113)</b>	7 608
<b>Profit for the year</b>		<b>1 174 452</b>	1 707 681

\* Income from investments in the prior year has been restated to provide a more detailed breakdown.

## Company statement of comprehensive income

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Profit for the year (as above)</b>		<b>1 174 452</b>	1 707 681
Items that may be reclassified into the income statement dependent on the outcome of a future event		<b>(18 270)</b>	(24 209)
Loss on revaluation to original cost of available-for-sale listed investments, before taxation	2	<b>(23 544)</b>	(29 758)
Deferred capital gains taxation thereon	4	<b>5 274</b>	5 549
<b>Total comprehensive income for the year, net of taxation</b>		<b>1 156 182</b>	1 683 472

## Company statement of cash flow

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Cash generated from operating activities</b>		<b>297 572</b>	511 760
Net cash generated from operating activities		<b>970 910</b>	1 677 864
Cash utilised in operations	15.1	<b>(5 282)</b>	(8 170)
Dividends received	15.2	<b>1 176 071</b>	1 786 104
Movements in working capital	15.3	<b>(199 879)</b>	(100 070)
Interest income		<b>64 870</b>	59 224
Finance costs		<b>(22 750)</b>	(22 827)
Taxation paid	15.4	<b>(17 595)</b>	(17 024)
Dividends paid	15.5	<b>(697 863)</b>	(1 185 477)
<b>Cash utilised in investing activities</b>		<b>–</b>	(571 953)
Acquisition of interest in foreign listed associate	3	<b>–</b>	(121 953)
Acquisition of remaining 50% of Dwarsrivier Chrome Mine subject to conditions precedent	5	<b>–</b>	(450 000)
<b>Cash (utilised by)/generated by financing activities</b>		<b>(293 483)</b>	100 914
Preference shares redeemed	10	<b>(346 100)</b>	–
Repayment of loan accounts by subsidiary companies		<b>52 617</b>	100 914
<b>Cash resources</b>		<b>4 089</b>	40 721
– increase for the year		<b>698 125</b>	657 404
– at beginning of year		<b>702 214</b>	698 125
– at end of year	6	<b>702 214</b>	698 125

## Company statement of changes in equity

for the year ended 30 June 2016

	Note	2016 R'000	2015 R'000
<b>Share capital</b>			
Balance at beginning and end of year	7	698	698
<b>Share premium</b>			
Balance at beginning and end of year	8	264 092	264 092
<b>Other reserves</b>			
Balance at beginning of year		44 572	68 781
Other comprehensive loss for the year		(18 270)	(24 209)
Balance at end of year	9	26 302	44 572
<b>Retained earnings</b>			
Balance at beginning of year		5 233 681	4 712 660
Profit for the year		1 174 452	1 707 681
Ordinary dividends declared during the year			
Final dividend No 117 of 300 cents (2015: 550 cents) per share – declared on 26 August 2015	14	(418 821)	(767 839)
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	14	(279 214)	(418 821)
Balance at end of year		5 710 098	5 233 681
<b>Total equity</b>		<b>6 001 190</b>	<b>5 543 043</b>

# Notes to the company financial statements

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>1 INVESTMENT IN GROUP COMPANIES</b>		
Joint-venture entity (refer below)	468 153	468 153
Subsidiary companies (refer below)	2 439	2 439
	<b>470 592</b>	470 592
<b>Investment in joint-venture entity</b>		
Assmang Proprietary Limited (Assmang)		
1 774 103 (2015: 1 774 103) ordinary shares at cost	468 153	468 153
<b>Investment in subsidiary companies (refer note 16)</b>		
Shares at cost	2 439	2 439
<b>Amounts due by/(to) subsidiary companies (refer note 16)</b>		
Loan accounts receivable	4 629 538	4 680 891
Loan accounts payable	(1 079 305)	(1 078 041)
Per note 16	<b>3 550 233</b>	3 602 850
Loan accounts receivable include cumulative redeemable preference shares in the amount of R4 034 million (2015: R4 087 million), issued to structured entities (SEs), recognised as subsidiary companies, with a coupon of 75% (2015: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited, and with no fixed terms of redemption. The remainder of the loan accounts receivable and all loan accounts payable are interest-free with no fixed terms of repayment. Loan accounts payable are not due within 12 months.		
Accrued preference dividends from SEs (included as part of other receivables)	<b>491 913</b>	306 295
<b>2 AVAILABLE-FOR-SALE LISTED INVESTMENTS*</b>		
Listed investments at cost	319 767	319 767
Cumulative impairment charges included in profit or loss (retained earnings)	(170 929)	(140 585)
Opening balance	(140 585)	(26 327)
Impairment of carrying value below cost disclosed in the income statement	(30 344)	(114 258)
Cumulative fair value adjustment included in other comprehensive income	31 371	54 915
Opening balance	54 790	84 548
Unlisted investments at cost	125	125
Fair value adjustment at year-end disclosed in other reserves	(23 544)	(29 758)
	<b>180 209</b>	234 097
<i>* Fair value adjustments have been restated to show impairment charges separately.</i>		
<b>3 INVESTMENT IN FOREIGN LISTED ASSOCIATE</b>		
70 833 333 (2015: 70 833 333) shares in IronRidge Resources Limited (IronRidge) – at cost	<b>121 953</b>	121 953
The investment represents a 29,9% interest in the ordinary share capital of IronRidge, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.		
IronRidge is registered in Australia and is an emerging exploration company, with exploration projects for iron ore in Gabon, lithium in Ghana, gold in Chad and bauxite in Australia.		

	2016 R'000	2015 R'000
<b>4 DEFERRED TAXATION</b>		
Balance at beginning of year	16 000	(10 857)
Arising on reversal of temporary differences in the income statements		
– impairment of financial assets to below original cost	13 235	21 308
Arising from temporary differences included in other comprehensive income		
– revaluation of available-for-sale listed investments to market value at year-end	5 274	5 549
– change in capital gains taxation rate	(3 219)	–
Balance at end of year	<b>31 290</b>	16 000
<b>5 RESTRICTED CASH</b>		
On 25 June 2015, the company acquired ARM's 50% share of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction was subject to certain conditions precedent (CPS), which at year-end had not all been fulfilled. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account. Once all the CPS have been met, the balance (inclusive of accrued interest and certain contractual adjustments to accommodate the change in value of the asset since 1 July 2014 (effective date of acquisition)) will be released in favour of ARM. The transaction was completed on 29 July 2016 (refer note 20).		
Cash including interest received held in escrow at year-end	<b>479 522</b>	450 000
<b>6 CASH RESOURCES</b>		
Cash on deposit	702 159	698 087
Current account	55	38
	<b>702 214</b>	698 125
<b>7 SHARE CAPITAL</b>		
<b>Authorised</b>		
200 000 000 (2015: 200 000 000) ordinary shares of 0,5 cents each	1 000	1 000
<b>Issued</b>		
Balance at beginning and end of year (139 607 000 (2015: 139 607 000) ordinary shares of 0,5 cents each)	698	698
<b>8 SHARE PREMIUM</b>		
Balance at beginning and end of year	<b>264 092</b>	264 092
<b>9 OTHER RESERVES</b>		
Surplus arising on the revaluation of available-for-sale listed investments to market value at year-end		
Gross fair value adjustment at year-end	31 246	54 790
Less: Deferred capital gains taxation thereon	(4 944)	(10 218)
	<b>26 302</b>	44 572



## Notes to the company financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>10 LONG-TERM BORROWINGS</b>		
3 461 (2015: 3 461) unsecured redeemable preference shares of R100 000 each issued to the SBSA		
Unredeemed at beginning of year	<b>346 100</b>	346 100
Voluntary redemption of 3 461 shares on 27 June 2016	<b>(346 100)</b>	–
	–	346 100
Dividends paid during the year were as follows:		
On 5 October 2015 (2015: 6 October 2014)	<b>11 111</b>	11 304
On 5 April 2016 (2015: 2 April 2015)	<b>11 639</b>	11 023
On 27 June 2016, upon voluntary redemption of the above 3 461 shares	<b>6 265</b>	–
	<b>29 015</b>	22 327
<b>11 REVENUE</b>		
Revenue comprises:		
Dividends received	<b>1 176 071</b>	1 786 104
Interest received	<b>64 870</b>	59 224
	<b>1 240 941</b>	1 845 328
<b>12 PROFIT BEFORE TAXATION</b>		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
<b>Income</b>		
Dividends received	<b>1 176 071</b>	1 786 104
Ordinary dividends		
– joint-venture entity	<b>875 000</b>	1 500 000
– available-for-sale investments		
– listed	<b>5 972</b>	18 746
– unlisted	<b>20</b>	18
Preference dividends received from empowerment entities	<b>295 079</b>	267 340
– Main Street 350 Proprietary Limited (RF)	<b>54 791</b>	55 706
– Main Street 904 Proprietary Limited (RF)	<b>240 288</b>	211 634
Interest received	<b>64 870</b>	59 224
<b>Expenditure</b>		
Directors' remuneration	<b>59 542</b>	63 866
– directors' fees	<b>2 341</b>	1 938
– other services paid by subsidiary companies	<b>57 201</b>	61 928



	2016 R'000	2015 R'000
<b>13 TAXATION CHARGE/(CREDIT)</b>		
South African normal tax		
– current year	18 129	15 916
– overprovision relating to prior year	–	(2 216)
Deferred taxation		
– reversal of temporary differences in current year (refer note 4)	(13 235)	(21 308)
– change in capital gains taxation rate	3 219	–
	<b>8 113</b>	<b>(7 608)</b>
<b>Reconciliation of the taxation charge/(credit) as a percentage of profit before taxation</b>	%	%
Statutory tax rate	28,00	28,00
Adjusted for:		
Overprovision relating to prior year	–	(0,13)
Dividend income	(27,85)	(29,42)
Disallowable expenditure	0,53	1,10
Change in capital gains taxation rate	0,01	–
Effective tax rate	<b>0,69</b>	<b>(0,45)</b>
<b>14 DIVIDENDS</b>		
<b>Dividends declared during the year</b>		
Final dividend No 117 of 300 cents (2015: 550 cents) per share – declared on 26 August 2015	418 821	767 839
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
	<b>698 035</b>	<b>1 186 660</b>
Per share (cents)	<b>500</b>	<b>850</b>
<b>Dividends relating to the activities of the group for the year under review</b>		
Interim dividend No 118 of 200 cents (2015: 300 cents) per share – declared on 18 February 2016	279 214	418 821
Final dividend No 119 of 500 cents (2015: 300 cents) per share – declared on 6 September 2016	698 035	418 821
	<b>977 249</b>	<b>837 642</b>
Per share (cents)	<b>700</b>	<b>600</b>

## Notes to the company financial statements continued

for the year ended 30 June 2016

	2016 R'000	2015 R'000
<b>15 NOTES TO THE STATEMENT OF CASH FLOW</b>		
<b>15.1 Cash utilised in operations</b>		
Profit before taxation	1 182 565	1 700 073
Adjusted for:	(1 187 847)	(1 708 243)
– dividends received	(1 176 071)	(1 786 104)
– interest received	(64 870)	(59 224)
– impairment of available-for-sale listed investments	30 344	114 258
– finance costs	22 750	22 827
	(5 282)	(8 170)
<b>15.2 Dividends received</b>		
Credited to the income statement	1 176 071	1 786 104
<b>15.3 Movements in working capital</b>		
Movement in other receivables	(186 193)	(97 768)
Movement in other payables (excluding escrow investment interest accrual)	(13 686)	(2 302)
	(199 879)	(100 070)
<b>15.4 Taxation paid</b>		
Unpaid at beginning of year	(955)	(4 279)
Charged to the income statement	(8 113)	7 608
Movement in deferred taxation	(10 016)	(21 308)
Unpaid at end of year	1 489	955
	(17 595)	(17 024)
<b>15.5 Dividends paid</b>		
Unpaid at beginning of year	(2 451)	(1 268)
Declared during the year (refer note 14)	(698 035)	(1 186 660)
Unpaid at end of year	2 623	2 451
	(697 863)	(1 185 477)

	Issued share capital 2016/2015 R	Direct interest in share capital 2016/2015 %	Shares at cost <sup>#</sup> 2016 R'000	Shares at cost <sup>#</sup> 2015 R'000	Amounts due from/(to) subsidiary companies 2016 R'000	Amounts due from/(to) subsidiary companies 2015 R'000
<b>16 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES</b>						
<b>Incorporated in South Africa</b>						
<b>Ordinary shares held directly</b>						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	(1 264)	(1 436)
Ceramox Proprietary Limited <sup>(D)</sup>	100	100	1 124	1 124	-	-
Erf 1263 Parkview Extension 1 Proprietary Limited	1	100	-	-	-	-
Erven 27 and 28 Illovo Proprietary Limited	100	100	-	-	-	-
Erven 40 and 41 Illovo Proprietary Limited	100	100	-	-	-	-
General Nominees Proprietary Limited <sup>(D)</sup>	4	100	-	-	-	-
Icermax Proprietary Limited*	-	51	-	-	-	-
Ore & Metal Company Limited	100 000	100	105	105	(1 078 041)	(1 078 041)
Wonderstone Limited	10 000	100	10	10	-	-
Xertech Proprietary Limited	100	100	-	-	-	-
			<b>2 439</b>	<b>2 439</b>	<b>(1 079 305)</b>	<b>(1 079 477)</b>
<b>Ordinary shares held indirectly</b>						
Groupline Projects Proprietary Limited <sup>(D)</sup>	100	100	11 913	36 228	-	-
Minerais Holdings Proprietary Limited	100	100	10 887	10 887	42	42
Minerais U.S. LLC	17 756 100	51	11 418	11 418	-	-
Rustenburg Minerals Development Company Proprietary Limited	232 143	56	232 143	232 143	-	-
Wonderstone 1937 Limited <sup>(D)</sup>	45 940	100	35	35	-	-
			<b>266 396</b>	<b>290 711</b>	<b>42</b>	<b>42</b>
<b>Companies holding group treasury shares for empowerment entities</b>						
Main Street 350 Proprietary Limited (RF)	99	49	-	-	1 779 850	1 832 213
Main Street 460 Proprietary Limited (RF)	-	-	-	-	41	41
Main Street 904 Proprietary Limited (RF)	28 500	-	-	-	2 849 605	2 850 031
<b>Companies provided against</b>						
Zeerust Chrome Mines Limited	1 300 000	100	1 114	1 114	-	-
<b>Incorporated in Namibia</b>						
Krantzberg Mines Limited	500 000	100	-	-	-	-
Sub-total			<b>1 114</b>	<b>1 114</b>	<b>4 629 496</b>	<b>4 682 285</b>
			<b>269 949</b>	<b>294 264</b>	<b>3 550 233</b>	<b>3 602 850</b>
Less – held indirectly			<b>(266 396)</b>	<b>(290 711)</b>		
– provided against			<b>(1 114)</b>	<b>(1 114)</b>		
Per note 1			<b>2 439</b>	<b>2 439</b>	<b>3 550 233</b>	<b>3 602 850</b>

<sup>#</sup> Represents investments of less than R1 000

<sup>(D)</sup> Dormant companies

\* Interest disposed of in the current year (refer note 34.3 to the consolidated financial statements)

## Notes to the company financial statements continued

for the year ended 30 June 2016

### 17 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 risk management policies within the company. 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 group'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 and Risk Committee.

#### 17.1 Credit risk

##### Credit exposure and concentration of credit risk

The carrying value 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 recognised in the statement of financial position:

	2016 R'000	2015 R'000
Loans to group companies (refer note 1)	4 629 538	4 680 891
Other receivables – local	498 597	312 404
Restricted cash (refer note 5)	479 522	450 000
Cash resources (refer note 6)	702 214	698 125

#### 17.2 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).

The borrowing capacity of the company is determined by its Memorandum of Incorporation in terms of which there is no restriction imposed on the borrowing powers.

**17 FINANCIAL RISK MANAGEMENT (continued)****17.2 Liquidity risk (continued)**

## Exposure to liquidity risk

The following are the cash flows of the group's financial assets, liabilities and guarantees at year-end as determined by contractual maturity date including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

	Contractual maturity date					
	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
<b>2016</b>						
<b>Financial assets</b>						
Investment in group companies <sup>#</sup>	470 592	470 592	–	–	–	470 592
Available-for-sale investments <sup>#</sup>	180 209	180 209	–	–	–	180 209
Investment in foreign listed associate <sup>#</sup>	121 953	121 953	–	–	–	121 953
Loans to group companies <sup>#*</sup>	4 629 538	4 629 538*	79 503	–	–	4 550 035
Other receivables	498 597	498 597	498 597	–	–	–
Restricted cash	479 522	479 522	479 522	–	–	–
Cash resources	702 214	702 214	702 214	–	–	–
	<b>7 082 625</b>	<b>7 082 625</b>	<b>1 759 836</b>	<b>–</b>	<b>–</b>	<b>5 322 789</b>
<b>Financial liabilities</b>						
Loans from group companies	1 079 305	1 079 305	–	1 079 305	–	–
Other payables	31 931	31 931	31 931	–	–	–
Guarantees	1 486 230	1 486 230	1 486 230	–	–	–
	<b>2 597 466</b>	<b>2 597 466</b>	<b>1 518 161</b>	<b>1 079 305</b>	<b>–</b>	<b>–</b>
<b>2015</b>						
<b>Financial assets</b>						
Investment in group companies	470 592	470 592	–	–	–	470 592
Available-for-sale investments	234 097	234 097	–	–	–	234 097
Investment in foreign listed associate	121 953	121 953	–	–	–	121 953
Loans to group companies	4 680 891	6 481 360*	88 400	1 712 069	–	4 680 891
Other receivables	312 404	312 404	312 404	–	–	–
Restricted cash	450 000	450 000	450 000	–	–	–
Cash resources	698 125	698 125	698 125	–	–	–
	<b>6 968 062</b>	<b>8 768 531</b>	<b>1 548 929</b>	<b>1 712 069</b>	<b>–</b>	<b>5 507 533</b>
<b>Financial liabilities</b>						
Loans from group companies	1 078 041	1 078 041	–	1 078 041	–	–
Preference shares issued	346 100	364 609	6 667	11 842	346 100	–
Other payables	15 921	15 921	15 921	–	–	–
Guarantees	1 227 160	1 227 160	1 227 160	–	–	–
	<b>2 667 222</b>	<b>2 685 731</b>	<b>1 249 748</b>	<b>1 089 883</b>	<b>346 100</b>	<b>–</b>

<sup>#</sup> Investment in, and loans to, group companies and associates and available-for-sale investments do not have contractual maturity dates, but have been presented in the "more than five years" column as the company does not intend disposing of these assets within the next five years.

\*Contracted cash flows for loans to group companies are determined by the ability of the company to declare dividends and therefore no projection is made of the cash flows, except for those based on dividends already declared.

## Notes to the company financial statements continued

for the year ended 30 June 2016

### 17 FINANCIAL RISK MANAGEMENT (continued)

#### 17.3 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.

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

	2016 R'000	2015 R'000
<b>Variable rate instruments</b>		
<b>Liabilities</b>		
Preference shares (included in long-term borrowings, refer note 10)	–	346 100
<b>Assets</b>		
Loan accounts receivable (refer note 1)	4 629 538	4 680 891
Cash resources (refer note 6)	702 214	698 125

#### 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 after taxation by R25,7 million (2015: R26,3 million). This assumes that all other variables remain constant. There is no impact on the company's equity. Net effect on profit or loss after taxation is equal but opposite for a 50 basis point decrease on the financial instruments listed above.

#### Equity price risk

The group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R180,0 million (2015: R234,0 million). A decrease of 1% in the market value of the investments would have an impact of approximately R1,8 million (2015: R2,3 million) on profit or loss, or other comprehensive income depending on whether or not the valuation of the security concerned is stated at below original cost. An increase of 1% in the value of the listed investments would only impact other comprehensive income, and would not have an effect on profit or loss.

**17 FINANCIAL RISK MANAGEMENT (continued)****17.4 Classification of financial assets and liabilities**

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

	Available- for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000
<b>2016</b>					
<b>Financial assets</b>					
Investment in group companies	–	–	–	470 592	470 592
Available-for-sale investments	180 209	–	–	–	180 209
Loans to group companies	–	4 629 538	–	–	4 629 538
Other receivables	–	498 597	–	–	498 597
Restricted cash	–	479 522	–	–	479 522
Cash resources	–	702 214	–	–	702 214
	<b>180 209</b>	<b>6 309 871</b>		<b>470 592</b>	<b>6 960 672</b>
<b>Financial liabilities</b>					
Loans from group companies	–	–	1 079 305	–	1 079 305
Other payables	–	–	31 931	–	31 931
	<b>–</b>	<b>–</b>	<b>1 111 236</b>		<b>1 111 236</b>
<b>2015</b>					
<b>Financial assets</b>					
Investment in group companies	–	–	–	470 592	470 592
Available-for-sale investments	234 097	–	–	–	234 097
Loans to group companies	–	4 680 891	–	–	4 680 891
Other receivables	–	312 404	–	–	312 404
Restricted cash	–	450 000	–	–	450 000
Cash resources	–	698 125	–	–	698 125
	<b>234 097</b>	<b>6 141 420</b>		<b>470 592</b>	<b>6 846 109</b>
<b>Financial liabilities</b>					
Loans from group companies	–	–	1 078 041	–	1 078 041
Preference shares issued	–	–	346 100	–	346 100
Other payables	–	–	15 923	–	15 923
	<b>–</b>	<b>–</b>	<b>1 440 064</b>	<b>–</b>	<b>1 440 064</b>



## Notes to the company financial statements continued

for the year ended 30 June 2016

### 18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

#### Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments, whereas market-related discount rates have been used to determine the fair value of loans and receivables and interest-bearing borrowings. Where quoted market prices are not available, a valuation technique, most commonly discounted cash flows, was used. For other 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.

#### Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;

Level 2: valuation techniques using inputs, which are directly or indirectly observable; and

Level 3: valuations based on data that is not observable (not applicable to the group).

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value.

The following assets and liabilities were measured at level 1:

	2016 R'000	2015 R'000
<b>Recurring fair value measurements, measured at level 1</b>		
<b>Assets measured at fair value, measure at level 1</b>		
Available-for-sale investments	180 209	234 097
<b>Assets and liabilities measured at amortised cost, measured at level 2</b>		
Fair value of loans due to group companies	975 682	175 973*
Fair value of loans due from group companies	628 309	762 486*

\* Loans due to and from group companies were previously measured at level 1. However, as no quoted market inputs were used in calculating their respective fair values, these are now measured at level 2.

### 19 CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lives which vary in accordance with current prices (refer "Mineral Resources and Reserves"). Decisions to exploit resources would be 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 company considers its capital to comprise 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 group's approach to capital management during the year.

	2016 R'000	2015 R'000
<b>20 CONTINGENT LIABILITIES</b>		
Guarantee of US dollar 100 million issued to bankers as security for facilities provided to a foreign subsidiary company	1 486 230	1 227 160
Maximum amount in addition to the R450 million in restricted cash payable for the acquisition of the Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 5)	55 313	800 000
In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore has agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014. This amount will be decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent are met in order for the transaction to be completed (refer note 22).		
The company holds a back-to-back guarantee of R180 million (2015: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		

	2016 R'000	2015 R'000
<b>21 RELATED-PARTY TRANSACTIONS</b>		
Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.		
The following significant related-party transactions occurred during the year:		
Dividends received from joint-venture entity	<b>875 000</b>	1 500 000
Preference dividends received from deemed to be subsidiary companies	<b>295 079</b>	267 340
Management fees paid to subsidiary company	<b>148</b>	137
<b>22 EVENT AFTER THE REPORTING PERIOD</b>		
On 29 July 2016, the company acquired the entire issued share capital of Dwarsrivier Chrome Mine Proprietary Limited from Assmang. (Refer note 36 to the consolidated financial statements for more detail.)		

## Accounting policies

### 1 BASIS OF PREPARATION

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

#### 1.1 Statement of compliance

The financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), the South African Companies Act, 71 of 2008, as amended, the JSE Listings Requirements, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

#### 1.2 Changes in accounting policies

1.2.1 The following new standards and amendments to IFRS became effective during the year:

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> (amendments)	January 2016	<p>The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>
IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> (amendments)	January 2016	<p>These amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRS, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRS in relation to business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation. Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in a joint operation must not be remeasured if the joint operation retains joint control.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>

**1 BASIS OF PREPARATION (continued)**  
**1.2 Changes in accounting policies (continued)**

Standard	Description	Effective for financial periods commencing	Anticipated impact
IAS 1	<i>Disclosure Initiative</i> (amendments)	January 2016	<p>The amendments clarify:</p> <ul style="list-style-type: none"> <li>– the materiality requirements in IAS 1;</li> <li>– the specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;</li> <li>– that entities have flexibility as to the order in which they present the notes to the financial statements; and</li> <li>– that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.</li> </ul> <p>Furthermore, the amendments clarify the requirements that apply when additional sub-totals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>
IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (amendments)	January 2016	<p>The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>
IAS 27	<i>Equity Method In Separate Financial Statements</i> (amendments)	January 2016	<p>The amendments allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:</p> <ul style="list-style-type: none"> <li>– at cost;</li> <li>– in accordance with IFRS 9 (or IAS 39); or</li> <li>– using the equity method.</li> </ul> <p>The entity must apply the same accounting for each category of investments.</p> <p>A consequential amendment was also made to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>

## Accounting policies continued

### 1 BASIS OF PREPARATION (continued) 1.3 IFRS and IFRIC interpretation not yet effective

The group has not applied the following IFRS and IFRIC new, revised and amended standards and interpretations which have been issued as they are not yet effective:

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9	<i>Financial Instruments</i> (amendments)	January 2018	<p>IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.</p> <p><i>Classification and measurement of financial instruments</i></p> <p><b>Financial assets</b></p> <p>All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL).</p> <p>Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).</p> <p><b>Financial liabilities</b></p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.</p> <p><b>Impairment of financial assets</b></p> <p>The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through OCI (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.</p> <p>Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.</p> <p>The measurement of expected credit losses would reflect a probability weighted outcome, the time value of money and reasonable and supportable information.</p>

**1 BASIS OF PREPARATION (continued)**  
**1.3 IFRS and IFRIC interpretation not yet effective (continued)**

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 15	<i>Revenue from Contracts with Customers</i>	January 2018	<p>The core principle of this standard is that an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.</p> <p>The principles in IFRS 15 will be applied using a five-step model:</p> <ol style="list-style-type: none"> <li>1. identify the contact(s) with a customer;</li> <li>2. identify the performance obligations in the contract;</li> <li>3. determine the transaction price;</li> <li>4. allocate the transaction price to the performance obligations in the contract; and</li> <li>5. recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ol> <p>The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.</p> <p>The group is in the process of determining the impact of the interpretation on its results.</p>

## Accounting policies continued

### 1 BASIS OF PREPARATION (continued) 1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 16	<i>Leases</i>	January 2019	<p>IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees:</p> <ol style="list-style-type: none"> <li>leases of "low-value" assets (eg personal computers); and</li> <li>short-term leases (ie leases with a lease term of 12 months or less).</li> </ol> <p>At the commencement date of a lease, a lessee will recognise a liability to make lease payments (ie the lease liability) and an asset representing the right to use the underlying asset during the lease term (ie the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (eg a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.</p> <p>The group is in the process of determining the impact of the interpretation on its results.</p>
IAS 7	<i>Disclosure Initiative</i> – amendments to IAS 7	January 2017	<p>The amendments to IAS 7 <i>Statement of Cash Flows</i> are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes arising from cash flows and non-cash changes.</p> <p>The group is in the process of determining the impact of the interpretation on its results.</p>
IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> – amendments to IAS 12	January 2017	<p>The amendments clarify that an entity needs to consider whether tax laws restrict the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.</p> <p>The group is in the process of determining the impact of the interpretation on its results.</p>

All other new standards and amendments issued not yet effective are not considered to have a material impact to the results or disclosures of the group.

## 2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

### 2.1 Judgements

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

#### Consolidation of special-purpose vehicles

The Boleng Trust and Fricker Road Trust (the trusts) are broad-based community trusts which are for the benefit of historically disadvantaged South Africans (HDSAs) as contemplated in the Mining Charter. The trusts are invested in special-purpose vehicles (SPVs), namely Main Street 350 Proprietary Limited (RF), Main Street 460 Proprietary Limited (RF) and Main Street 904 Proprietary Limited (RF). The group has considered the requirements of IFRS 10 in assessing whether or not it controls the trusts and the SPVs both which are considered to be structured entities (SEs) as defined in IFRS 10. Based on the contractual terms (namely those contained in the relationship agreements which govern the operation of SEs) the voting rights in the SEs are not considered to be the dominant factor in determining control. Factors such as design and purpose of the SEs, the fact that the SEs are indebted to the group, together with the restrictions placed on the Assore shares held by the SEs (either directly or indirectly) have resulted in the group's management concluding that the SEs (the trusts and the SPVs) are controlled by the group and have therefore been consolidated in the group financial statements in order to comply with the requirements of IFRS 10. Similarly, since the Assore Employee Trust (also an SE), which is operated by the group and the SPV in which the trust is invested, is indebted to the group, has been consolidated in the group financial statements in accordance with IFRS 10. Accordingly, the Assore shares controlled by these SEs are accounted for as treasury shares (refer item 13).

#### Impairment of available-for-sale investments

The group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in fair value below their original cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its original cost.

Refer note 4 for the impairment on the available-for-sale investments.

### 2.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 listed below.

#### Project risk and exploration expenditure

In evaluating whether expenditures meet the criteria to be capitalised, the group utilises several different sources of information, including:

- the degree of certainty over the mineralisation of the orebody;
- commercial risks including, but not limited to, country risks; and
- prior exploration knowledge available about the target orebody, which reduces the level of risk associated with the capitalisation of this expenditure to an acceptable level.

#### Production stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at the surface mining operations.

The group is required to identify the separately identifiable components of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.



## Accounting policies continued

### 2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### 2.2 Estimation uncertainty (continued)

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s). Refer note 2 in the notes to the consolidated financial statements.

#### Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. An environmental liability assessment is conducted by an independent adviser on an annual basis to assess the adequacy of the environmental rehabilitation provisions. A 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. Refer note 16 in the notes to the consolidated financial statements.

#### Ore Reserve and Resource estimates

Ore Reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mines, based on Proven and Probable Ore Reserves. The group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the orebody, and require complex geological judgements to interpret the data. Changes in the Reserve or Resource estimates may impact the carrying value of exploration and mining assets in terms of depreciation charged and possible impairment. Refer note 2 in the notes to the consolidated financial statements.

#### Depreciation based on units of production

Costs related to the development and infrastructure of the mine to the stage when economically accessible reserves are to be extracted, are depreciated over the entire Proven and Probable Reserves for the relevant Mineral Resource. Subsequent development and infrastructure costs incurred in accessing Mineral Resources are depreciated over the expected Proven and Probable Reserves expected to be extracted for each phase of the planned mining activity, taking into account reasonably certain plans for ongoing economically feasible mining activity. Refer note 2 in the notes to the consolidated financial statements.

#### Impairment of non-financial assets

The group assesses each cash-generating unit annually to determine whether any indications of impairment exist. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a cash-generating unit. Refer note 2 in the notes to the consolidated financial statements.

### 3 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 inter-company balances and transactions, including unrealised profits and losses arising from intra-group transactions, have been eliminated on consolidation.

### 3 BASIS OF CONSOLIDATION (continued)

#### 3.1 Subsidiary companies

Investments in subsidiary companies 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.

Non-controlling interests (NCI) represent the portion of profit or loss and equity not held by the group which are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. The NCI is allocated its share of the total comprehensive income/losses for the period, even if that results in a deficit balance.

#### 3.2 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investments in joint ventures are initially recognised at cost. Carrying amounts of the investment are adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to joint ventures is included in the carrying amount of the investment and is not amortised nor individually tested for impairment. Investments in joint ventures are accounted for in the company at cost less impairments.

The income statement and statement of other comprehensive income (OCI) reflect the group's share of the results of operations of joint ventures. Any change in OCI of that investee is presented as part of the group's OCI. In addition, where changes have been recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in its statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint ventures.

The aggregate of the group's share of profit or loss of joint ventures is separately shown in the income statement and represents the profit or loss after tax of the joint venture.

The financial statements of joint ventures are prepared for the same reporting period as the group. When necessary, adjustments are made to accounting policies to be consistent with those of the group.

At each reporting date, the group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as "Share of profit of a joint venture" in the income statement.

The group's share of losses in the joint venture that exceed its interest is not recognised unless the group has an obligation to fund such losses. Unrealised gains arising from transactions with joint ventures are eliminated against the investments to the extent of the group's interest in the investments. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

On loss of joint control over a joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and fair value of the retained investment and proceeds from disposal is recognised in the income statement.

## Accounting policies continued

### 3 BASIS OF CONSOLIDATION (continued)

#### 3.3 Associates

Associates are investments over which the group has significant influence which is the power to participate in the financial and operating policy decisions of the investee but without the ability to exercise control or joint control. The group's investment in its associate is accounted for using the equity method. The group's share of its profit or loss is based on the associate's most recent audited financial statements or unaudited interim statements drawn up to the date of the group's statement of financial position. Investments in associates are accounted for in the company at cost less impairments.

Investment in the associates are initially recognised at cost. The carrying value of the investment in associate is adjusted to recognise the group's share of the net assets, including the carrying value of goodwill. The carrying value of the associate is reviewed on a regular basis and if there is objective evidence that an impairment in this amount has occurred as a result of one or more events during the year, the investment is impaired.

The income statement and statement of other comprehensive income (OCI) reflect the group's share of the results of operations of associates. Any change in OCI of that investee is presented as part of the group's OCI. In addition, where changes have been recognised directly in the equity of the associates, the group recognises its share of any changes, when applicable, in its statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the group's share of profit or loss of associates is separately shown in the income statement and represents the profit or loss after tax of the associates.

The financial statements of associates are prepared for the same reporting period as the group. When necessary, adjustments are made to accounting policies to be consistent with those of the group.

At each reporting date, the group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss in the "Share of profit of an associate" in the income statement.

The group's share of losses in the joint venture that exceed its interest is not recognised unless the group has an obligation to fund such losses. Unrealised gains arising from transactions with the joint venture are eliminated against the investments to the extent of the group's interest in the investments. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

On loss of significant influence over an associate, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and fair value of the retained investment and proceeds from disposal is recognised in the income statement.

## 4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

### 4.1 General

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. 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 assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. When an item of plant and equipment comprises a number of significant components each with different useful lives, these components are recorded and depreciated as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the original component is expensed in the income statement.

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

### 4.2 Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Where the benefits of production stripping costs are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, resulting in the creation of mining flexibility and improved access to orebodies to be mined in the future, the costs are recognised as a non-current asset. These are referred to as stripping activity assets, if:

- future economic benefits (being improved access to the orebody concerned) are probable;
- the component of the orebody for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If these criteria are not met, the production stripping costs are charged to the income statement as operating costs.

The stripping activity asset is initially measured at cost, which consists of the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the orebody and an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. In the event that the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the orebody that became more accessible as a result of the stripping activity. Based on Proven and Probable Reserves, the units-of-production method is used to determine the expected useful life of the identified component of the orebody that became more accessible.

### 4.3 Prospecting, exploration, mine development and decommissioning assets

Costs related to property acquisitions and mineral and surface rights related to exploration are capitalised and depreciated over a maximum period of 25 years. All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and from which a future economic benefit stream is highly probable.

Exploration expenditure incurred on greenfield sites where the company does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed after which the expenditure is capitalised.

Exploration expenditure incurred on brownfield sites, adjacent to any mineral deposits which are already being mined or developed, is expensed as incurred until the company has obtained sufficient information from all available sources to ameliorate the identified project risk areas and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised and depreciated on a straight-line basis over a maximum period of 25 years.

## Accounting policies continued

### 4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

#### 4.3 Prospecting, exploration, mine development and decommissioning assets (continued)

Activities in relation to evaluating the technical feasibility and commercial viability of Mineral Resources are treated as forming part of exploration expenditures.

Refer item 12.1 for the decommissioning assets accounting policy.

Underground mine development includes all directly attributable development costs, including those incurred prior to the commencement of stoping, are capitalised when incurred.

#### 4.4 Depreciation

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

##### Mineral and prospecting rights

Mineral Reserves, 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 and buildings

Land is not depreciated. Owner-occupied properties, which are designed for a specific use, are only depreciated if carrying value exceeds estimated residual value, 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 a period of 25 years.

Mine and industrial properties 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, machinery and equipment

Mining plant, machinery and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 25 years (being the remaining life of the mine), 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, machinery and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

##### Vehicles

Vehicles are depreciated on the straight-line basis. The annual depreciation rates used vary between five and nine years.

##### Furniture and fittings

Furniture and fittings are depreciated on the straight-line basis. The annual depreciation rates used vary between three and 10 years.

##### Office equipment

Office equipment is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

##### Computer hardware

Computer hardware is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

##### Computer software

Computer software is depreciated on the straight-line basis. The annual depreciation rates used vary between three and five years.

##### Capital work-in-progress

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

##### Mining development assets

Mining development assets are depreciated using the units-of-production method based on Proven and Probable Ore Reserves. The tonnes used to determine depreciation include all the Proven and Probable Ore Reserves that management expects to access within the respective phase. The Proven and Probable Ore Reserves of other phases are adjusted to include those reserves that management determines will be extracted from these areas that are to be developed (refer item "2.2 Depreciation based on units of production") once it has been determined that these other phases of mining will be undertaken.

## 5 INTANGIBLE ASSETS

### 5.1 Goodwill

Goodwill is initially measured at cost being the excess of the consideration paid over the fair value of the identifiable assets acquired net of the liabilities assumed of the acquired entity. Following initial recognition, goodwill is measured at cost less any accumulated impairment charges. Goodwill is allocated to the cash-generating unit (CGU) to which it relates and is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired based on future income streams of the CGU. Where goodwill has been allocated to a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed part of the operation is included in its carrying amount when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed part of the operation and the portion of the CGU retained.

### 5.2 Intangible assets other than goodwill

Intangible assets represent proprietary technical information. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period varies between three and five years. 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 not amortised and are subjected to annual impairment reviews.

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.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

## 6 BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 as a change to profit and loss. If the consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate accounting standard per IFRS.

## 7 IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at each reporting date whether there is an indication that the carrying value of an asset or a CGU 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset/CGU 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/CGU.

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 re-estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset/CGU 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/CGU 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.

## Accounting policies continued

### 8 CAPITALISATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or development of major capital projects, which require a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are completed.

Other borrowing costs are charged to finance costs in the income statement as incurred.

### 9 FINANCIAL INSTRUMENTS 9.1 Recognition and measurement

The recognition and measurement of financial instruments depend on their classification as described below:

#### 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 measured at fair value, which equates to market value.

Gains and losses on subsequent measurement of available-for-sale investments are recognised in other comprehensive income until the investment is disposed of, or its original cost is considered to be impaired, at which time the cumulative gain previously reported in other comprehensive income and the impairment below the cost, where considered significant or prolonged, is recognised in 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 statement of financial position 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 receivables are initially recognised at fair value and subsequently at amortised cost and are classified as loans and receivables. An impairment charge is recognised when there is evidence that an entity will not be able to collect all amounts due in accordance with the original terms of the receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The impairment amount is charged to the income statement when it arises.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash that is not available for use by the group and therefore is not considered highly liquid.

Cash and cash equivalents are initially recognised at fair value and subsequently stated at amortised cost.

#### Preference shares, trade and other payables

Preference shares, trade and other payables are initially recognised at fair value, including any transaction costs directly associated with the borrowing, and subsequently stated at amortised cost, being the initial recognised obligation less any repayments made and any other adjustments plus interest accrued.

#### 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, as well as through the amortisation process.

## 9 FINANCIAL INSTRUMENTS (continued)

### 9.2 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. Derivative financial instruments 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 recognised directly in the income statement.

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

### 9.3 Derecognition of financial assets and liabilities

#### Financial assets

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash 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. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement. When 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.

### 9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 9.5 Impairment of financial assets

The group assesses at each statement of financial position 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 has been incurred in respect of a financial asset, 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 reduced and the amount of the loss is recognised in the income statement.

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.

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 through other comprehensive income.

#### Available-for-sale investments

Decreases, which in the opinion of management, are significant and prolonged, in the fair value of available-for-sale investments, which are below their original cost are recorded in the income statement. Management's opinion of decreases that are significant and prolonged is dependent on the relative materiality of these fluctuations in relation to the market values of these investments. Impairments recorded against available-for-sale equity instruments in the income statement are not reversed, but rather subsequent increases in fair value are recorded in other comprehensive income.



## Accounting policies continued

### 10 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 is determined on a weighted average cost basis, comprises 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.

### 11 FOREIGN CURRENCY TRANSLATION

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

#### 11.1 Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the spot rate at the date of transactions first qualifies for recognition. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the functional currency spot rates of exchange at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using functional currency spot rates on the date when the fair value was determined.

Foreign exchange gains or losses arising from foreign exchange transactions, whether realised or unrealised, are included in the determination of profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year. However, where fair value adjustments of non-monetary items are recognised in other comprehensive income, exchange differences arising on the translation of these non-monetary items are also recognised in other comprehensive income.

#### 11.2 Foreign entities

The assets and liabilities of subsidiaries with a different functional currency are translated at the rate of exchange ruling at the statement of financial position date. The income statements of these subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are reclassified 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 after 1 January 2005 are treated as assets and liabilities of the acquired entity and are recorded at the exchange rate at the date of the transaction and are remeasured at the closing rate at each reporting date.

### 12 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 and disclosed as follows:

#### 12.1 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 as finance costs.

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. The related decommissioning asset is amortised using the lesser of the related asset's estimated useful life or units-of-production method based on estimated Proven and Probable Ore Reserves.

#### 12.2 Restoration costs

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and is 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.

#### 12.3 Ongoing rehabilitation costs

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

Any subsequent changes to assumptions in estimating an obligation are added or deducted from the asset to which it relates. Reductions over and above the remaining carrying value of the asset are recognised in the income statement.

### 13 TREASURY SHARES

Own equity instruments acquired are regarded as treasury shares and are accounted for as a reduction in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares, as these transactions are recognised directly in equity.

## 14 TAXATION

### 14.1 Current taxation

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 statement of financial position date. Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement.

### 14.2 Deferred taxation

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the date of the statement of financial position, 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 the initial recognition of goodwill 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, 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 statement of financial position 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 statement of financial position date.

Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income 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.

### 14.3 Value added taxation (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 statement of financial position.

## Accounting policies continued

### 14 TAXATION (continued)

#### 14.4 Mining royalty taxation

Provision for mining royalties is made with reference to the condition specified as contained in the Mining and Petroleum Resources Royalty Act, for the transfer of refined and unrefined mined resources, upon the date such transfer is effected. These costs are included in other expenses.

#### 14.5 Dividend withholding tax

On 1 April 2012, STC was replaced with a dividend withholding tax. Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. Dividends paid to companies, certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

### 15 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 it is probable that an outflow of economic benefits will occur. The amount recognised as a provision is the best estimate at the statement of financial position 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 finance costs.

### 16 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 free on board (FOB) or cost, insurance and freight (CIF) sales value of ores and alloys exported and the free on rail (FOR) 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 rate method, ie the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying 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.

### 17 SHARE-BASED PAYMENT TRANSACTIONS

Certain employees of the group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. The fair value is expensed over the period until the vesting date with the recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

## 18 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 is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised in the income statement on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the group recognises restructuring-related costs.

The net interest cost is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation in the income statements:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. The value of any defined benefit asset recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The rate at which contributions are made to defined contribution funds is fixed and is 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.

Contributions to all defined contribution funds are expensed in profit and loss when incurred.

## 19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities in the statement of financial position but disclosed in the notes to the financial statements.

## 20 DEFINITIONS

### Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and after adjusting for non-controlling 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 2/2013 issued by the South African Institute of Chartered Accountants.

Adjustments against earnings are made after taking into account attributable taxation and non-controlling 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 in the statement of financial position.

### Cost of sales

All costs directly related to the production of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales.

### Dividends per share

Dividends declared during the year divided by the weighted number of ordinary shares in issue.

### Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

## Notice of Annual General Meeting

Notice is hereby given to the shareholders of Assore Limited (Assore or the company) recorded in the securities register of the company on 14 October 2016 (being the record date for receiving this notice as determined by the board of directors of Assore (the board)), that the sixty-sixth Annual General Meeting (AGM) of the shareholders of Assore will be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, on Friday, 25 November 2016 at 10:30, during which meeting the following business will be transacted:

- 1 To present the audited annual financial statements of Assore and its group for the financial year ended 30 June 2016.
- 2 To re-elect the following independent non-executive directors who retire by rotation in accordance with the provisions of the company's Memorandum of Incorporation (Mol), both of whom are eligible and offer themselves for re-election to the board:
  - 2.1 Ms TN Mgoduso; and
  - 2.2 Mr S Mhlarhi.

A short *curriculum vitae* of each of the directors concerned is included on page 126.

- 3 To re-elect Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors), to constitute the Audit and Risk Committee.

A short *curriculum vitae* of each of the directors concerned is included on page 27.

- 4 To consider and, if deemed fit, to pass with or without modification the ordinary and special resolutions set out below.
- 5 To transact any other business that may be transacted at an annual general meeting of the company.

### MEETING RECORD DATE

In accordance with section 59(1) of the Companies Act, No 71 of 2008, as amended (Companies Act), the board has determined that the record date for the purposes of establishing which shareholders are entitled to participate in and vote at the AGM will be 18 November 2016.

### PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements of Assore and its group (as approved by the board), including the directors' report, the independent auditor's report, the Audit and Risk Committee's report and the Social and Ethics Committee's report for the financial year ended 30 June 2016, have been distributed to shareholders as required by section 30(3)(d) of the Companies Act.

The annual financial statements referred to above are set out on pages 48 to 121 of the company's integrated annual report and are also available electronically at [www.assore.com](http://www.assore.com).

### **AUTOMATIC REAPPOINTMENT OF THE COMPANY'S AUDITOR**

In accordance with the provisions of section 90(6) of the Companies Act, Ernst & Young Inc. shall automatically be reappointed at the AGM as the auditor of Assore for the forthcoming financial year.

Note: The company's Audit and Risk Committee has determined that Ernst & Young Inc. continues to be independent of the company, as required in terms of section 90(2)(c) of the Companies Act.

### **REPORT OF THE SOCIAL AND ETHICS COMMITTEE**

In accordance with Regulation 43(5)(c) of the Companies Regulations, 2011 issued in terms of section 223 of the Companies Act, the Chairman of the Social and Ethics Committee will table the report of the Social and Ethics Committee as set out on page 36 of the integrated annual report at the AGM.

### **ORDINARY RESOLUTIONS**

The ordinary resolutions set out below are required to be passed by a simple majority of ordinary shareholders, representing more than 50% of the exercisable voting rights, present in person or by proxy and voting at the AGM. Where resolutions involve the election of directors, a short *curriculum vitae* of the director concerned is included on page 126.

#### **Ordinary resolution number 1 (re-election of Ms TN Mgoduso as a director)**

**RESOLVED THAT** Ms TN Mgoduso, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

#### **Ordinary resolution number 2 (re-election of Mr S Mhlarhi as a director)**

**RESOLVED THAT** Mr S Mhlarhi, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

#### **Ordinary resolution number 3 (election of Audit and Risk Committee)**

**RESOLVED THAT**, in terms of section 94(2) of the Companies Act, Messrs EM Southey, S Mhlarhi\* and WF Urmsen are re-elected to constitute the Audit and Risk Committee.

\* *The reappointment of Mr S Mhlarhi to the Audit and Risk Committee is subject to ordinary resolution number 2 being approved.*

## Notice of Annual General Meeting continued

### ADVISORY ENDORSEMENT OF THE REMUNERATION POLICY

To endorse, through a non-binding advisory vote, the company's remuneration policy and the implementation plan in respect thereof (excluding the fees paid to the non-executive directors for their services), as set out on page 19 of the integrated annual report.

In terms of the King Code on Corporate Governance in South Africa, an advisory vote should be obtained annually from the shareholders with regard to the company's annual remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted and the implementation thereof, but will not be binding on the company.

### SPECIAL RESOLUTIONS

The following special resolutions are required to be passed by ordinary shareholders holding at least 75% of the exercisable voting rights, present in person or by proxy and voting at the AGM.

#### Special resolution number 1 (directors' remuneration)

**RESOLVED THAT**, in terms of section 66(9) of the Companies Act, the annual remuneration payable to non-executive directors for their services as directors be increased, with effect from 1 January 2017, as follows:

Deputy Chairman and lead independent non-executive director	R550 000
Non-executive directors (excluding Deputy Chairman)	R300 000
Members of each of the Audit and Risk Committee, Remuneration Committee or Social and Ethics Committee (unchanged from previous year)	R100 000

#### Special resolution number 2

**RESOLVED THAT**, in terms of section 66(9) of the Companies Act, the annual remuneration payable to an executive director for services as a director remain at R60 000 per annum.

#### Special resolution number 3 (general authority to provide financial assistance)

**RESOLVED THAT**, the board may, subject to compliance with the requirements of the MoI, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as such term is defined in the Companies Act) to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act.

#### Special resolution number 4 (amendment to the MoI in compliance with paragraph 18(1)(o) of Schedule 18 to the Listings Requirements of the JSE Limited)

**RESOLVED THAT** the MoI be amended by the insertion of the following as a new clause 3.7:

##### "3.7 Fractional entitlements

If, as a result of a corporate action, fractions of shares become attributable to shareholders, all allocations of shares will be rounded down to the nearest whole number and a cash payment will be made to the shareholder in respect of the fraction. The variable weighted average traded price for the last day to trade (LDT) + 1 less 10% shall be used as the cash value. The company will release an announcement on LDT + 2 in respect of the cash value so determined."

## VOTING

Only Assore shareholders registered in the company's securities register on 18 November 2016 will be entitled to attend the AGM and to vote on the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or represented by proxy at the AGM, will have 1 (one) vote (irrespective of the number of ordinary shares held by such shareholder), and, on a poll, every ordinary shareholder will have 1 (one) vote for every ordinary share held or represented by such shareholder. Whether voting takes place by a show of hands or on a poll will be at the discretion of the Chairman.

## PROXIES AND IDENTIFICATION

Shareholders holding certificated shares and shareholders 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 AGM or may appoint one or more natural persons to act as proxies (who need not be shareholders of the company) to attend, speak and vote on behalf of such shareholder at the AGM. A form of proxy is attached to this notice of AGM. Duly completed forms of proxy must be detached and lodged with or posted to either the transfer secretaries of Assore (being Singular Systems Proprietary Limited, 28 Fort Street, Birnam, Johannesburg, 2196 (PO Box 785261, Sandton, 2146)) or the registered office of Assore, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116). Shareholders are requested to submit their proxies to be received by no later than 10:30 on Wednesday, 23 November 2016.

The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat, to the exclusion of any such proxy.

Shareholders 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 AGM, should instruct their CSDP or broker to issue them with the necessary authority or letter of representation to attend. If such shareholders do not wish to attend the AGM 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.

Kindly note that, in terms of section 63(1) of the Companies Act, all meeting participants (including proxies) are required to provide acceptable identification before being entitled to attend or participate at the AGM. Forms of identification considered acceptable include original valid identity documents, driver's licences or passports.

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

Johannesburg  
26 October 2016



## Notice of Annual General Meeting continued

### **Curricula vitae of directors retiring in terms of the MoI and available for re-election and of independent non-executive directors recommended for re-election as members of the Audit and Risk Committee**

#### **TN Mgoduso**

Independent non-executive director  
BA, MA (Clinical Psychology)

Thandeka is a clinical psychologist and obtained her qualifications at the universities of Fort Hare and the Witwatersrand. While in commerce, she held various leadership positions in operations, as well as in human resources, including a non-executive directorship of the South African Reserve Bank, and currently consults in strategy and human resources. She chairs her company, Jojose Investments, and is a non-executive director on the board of Tongaat Hulett. She was appointed to the board with effect from 2 February 2015 and serves on the Social and Ethics Committee.

#### **S Mhlarhi**

Independent non-executive director  
BCom, BAcc, CA(SA)

Sydney qualified as a chartered accountant in 1998 following the completion of his articles at Ernst & Young in 1997. He co-founded Tamela Holdings Proprietary Limited (Tamela) in 2008, which holds investments in various industries. Sydney has held various senior positions in the investment banking sector, including those of divisional director at Standard Bank and Chief Investment Officer of Makalani Holdings Limited, a mezzanine financier which listed on the JSE in 2005. Sydney was appointed to the board on 15 October 2012 and serves on the group's Audit and Risk Committee.

#### **EM Southey**

Deputy Chairman and lead independent non-executive director  
BA, LLB

Ed was admitted as an attorney, notary and conveyancer in 1967 and practiced as a partner of Webber Wentzel until his retirement as senior partner of that firm in 2006. He remains an executive consultant to the firm. He is a former president of the Law Society of the Northern Province and of the Law Society of South Africa and is a director of a number of companies. He joined the Assore board as a non-executive director in January 2009, and was appointed as Deputy Chairman and lead independent director in November 2010. He is the Chairman of the group's Audit and Risk and Remuneration Committees.

#### **WF Urmson**

Independent non-executive director  
CA(SA)

Bill was appointed as an independent non-executive director in October 2010 and chairs the group's Social and Ethics Committee. He also serves on the group's Audit and Risk and Remuneration Committees. He is a former Deputy Chairman of Ernst & Young and has served the accounting profession as Chairman of the Accounting Practices and Ethics committees of the South African Institute of Chartered Accountants. He is a former Director: Surveillance of the JSE and consulted to the exchange on a part-time basis until December 2013.

## Form of proxy

### Assore Limited

(Incorporated in the Republic of South Africa)  
 (Registration number: 1950/037394/06)  
 Share code: ASR ISIN: ZAE000146932  
 (Assore or the company)

For use only by shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), attending the Annual General Meeting (AGM) of Assore ordinary shareholders to be held at 10:30, on Friday, 25 November 2016 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

Shareholders who have dematerialised their shares through a CSDP or broker and have not elected "own name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the AGM or, if they do not wish to attend the AGM, 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 ordinary shareholders and their CSDP or broker.

### Form of proxy for the AGM of Assore ordinary shareholders (refer notes on completion attached)

I/We

(Names in block letters)

of

(Address)

being the holder/s of \_\_\_\_\_ ordinary shares

in the company, hereby appoint/s (see note 1)

1.

of \_\_\_\_\_ or failing him/her

2.

of \_\_\_\_\_ or failing him/her

3. the Chairman of Assore, or failing him, the Chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of Assore to be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 25 November 2016 at 10:30 or at any adjournment thereof.

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

	For	Against	Abstain
<b>Ordinary resolution number 1</b> Re-election of Ms TN Mgoduso as a director of the company			
<b>Ordinary resolution number 2</b> Re-election of Mr S Mhlarhi as a director of the company			
<b>Ordinary resolution number 3</b> Re-election of Messrs EM Southey, S Mhlarhi and WF Urmson to constitute the Audit and Risk Committee of the company			
<b>Advisory endorsement of the remuneration policy</b> Advisory endorsement of the remuneration policy			
<b>Special resolution number 1</b> Approval of non-executive directors' remuneration			
<b>Special resolution number 2</b> Approval of executive directors' remuneration			
<b>Special resolution number 3</b> General authorisation to Assore directors to provide financial assistance to subsidiary and inter-related companies of Assore			
<b>Special resolution number 4</b> Amendment to Assore's Memorandum of Incorporation in compliance with paragraph 18(1)(o) of Schedule 18 to the Listings Requirements of the JSE Limited			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2016

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

**Please see notes overleaf**

## Notes to the form of proxy

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in the place of that shareholder at the AGM. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of Assore, or failing him, the Chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box alongside the resolution concerned. Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if he is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or abstain from voting at the AGM as he/she deems fit, in respect of the shareholder's total holding.
3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
4. Every shareholder 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 shareholder shall have one vote for every ordinary share held.
5. In the case of joint holders, the vote of the senior joint holder 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 shareholders in respect of joint holding(s).
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity (eg for a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy unless previously recorded by the transfer secretaries of Assore or waived by the Chairman of the AGM.
7. The Chairman of the AGM may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Assore.
8. Completed forms of proxy and the authority under which they are signed (if any) must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116) or its transfer secretaries being Singular Systems Proprietary Limited, 28 Fort Street, Birnam, Johannesburg, 2196 (PO Box 785261, Sandton, 2146). Shareholders are requested to submit their proxy forms to be received by no later than 10:30 on Wednesday, 23 November 2016.

## Corporate information

### EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)<sup>#</sup>  
 CJ Cory (Chief Executive Officer)  
 PE Sacco (Group Marketing Director)  
 BH van Aswegen (Group Operations and Growth Director)<sup>o</sup>

### NON-EXECUTIVE DIRECTORS

EM Southey (Deputy Chairman and lead independent director)<sup>†\*#</sup>  
 TN Mgoduso<sup>to</sup>  
 S Mhlarhi<sup>†\*</sup>  
 WF Urmson<sup>†\*o#</sup>

<sup>#</sup> Member of the Remuneration Committee

<sup>o</sup> Member of the Social and Ethics Committee

<sup>†</sup> Independent

<sup>\*</sup> Member of the Audit and Risk Committee

### SECRETARY AND REGISTERED OFFICE

African Mining and Trust Company Limited  
 Assore House  
 15 Fricker Road  
 Illovo Boulevard  
 Johannesburg, 2196

Postal address  
 Private Bag X03  
 Northlands, 2116  
 Email: [info@assore.com](mailto:info@assore.com)  
[www.assore.com](http://www.assore.com)

### TRANSFER SECRETARIES AND SHARE TRANSFER OFFICE

Computershare Investor  
 Services Proprietary Limited<sup>#</sup>  
 70 Marshall Street  
 Johannesburg, 2001

<sup>#</sup> With effect until 31 October 2016

Singular Systems  
 Proprietary Limited<sup>o</sup>  
 28 Fort Street  
 Birnam  
 Johannesburg, 2001

<sup>o</sup> With effect from 1 November 2016

### AUDITORS

Ernst & Young Inc.  
 102 Rivonia Road  
 Sandton  
 Johannesburg, 2196

### ATTORNEYS

Webber Wentzel  
 90 Rivonia Road  
 Sandton  
 Johannesburg, 2196

Norton Rose Fullbright  
 15 Alice Lane  
 Sandton, 2196

### BANKERS

The Standard Bank of South Africa Limited  
 30 Baker Street  
 Rosebank, Johannesburg, 2196

### CORPORATE INFORMATION

Assore Limited  
 Incorporated in the Republic of South Africa  
 Company registration number: 1950/037394/06  
 Share code: ASR  
 ISIN: ZAE000146932

Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196

[www.assore.com](http://www.assore.com)

