

COMMENTARY

Earnings for the financial year to 30 June 2012 have increased by 25,3% on the previous year to R4,0 billion. The increase is mainly due to the increased earnings of Assmang Limited (Assmang), which increased by 19,0% to R6,9 billion, based on the trading conditions described below. Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards (IFRS). Commissions earned on the higher sales of Group products increased by 23,2% compared to the previous financial year and also contributed positively to the Group's earnings.

The increased level of earnings for the year was due mostly to higher sales volumes of iron ore and despite lower US Dollar sales prices for all of the Group's products, the weaker Rand/US Dollar exchange rate offset these lower sales prices to a large degree. This resulted in revenues from iron ore increasing substantially, while those for the other products of the Group were at similar levels compared to the previous financial year.

Sales volumes

Sales of iron ore increased mainly as a result of Assmang's Khumani Iron Ore Mine ramping up its production to 14 million tons per annum. Production efficiencies led to increased volumes of manganese alloys in line with the Group's strategy to increase its ferromanganese capacity. While the closure of chrome furnaces at Machadodorp Works for their conversion to manganese furnaces led to decreased sales of charge chrome, it did however result in additional chrome ore volumes being available for export.

Assmang's turnover for the year under review increased to R23,7 billion (2011: R19,1 billion), and the following table sets out the sales volumes of Assmang's products for the year under review:

Metric tons '000	Year ended 30 June		Increase/ (decrease) %
	2012	2011	
Iron ore	14 753	10 006	47
Manganese ore*	2 905	2 882	1
Manganese alloys*	270	218	24
Charge chrome	174	238	(27)
Chrome ore*	521	373	40

*Excluding intra-group sales to alloy plants

Capital expenditure

The bulk of the Group's capital expenditure occurs in Assmang and amounted to R4,5 billion (2011: R4,1 billion) for the year under review. R3 billion was spent at the Khumani iron Ore Mine, with R1,3 billion being spent on the Khumani Expansion Project (KEP), designed to produce 16 million tons of ore per annum. The KEP has been completed on schedule and within budget. A further R1,2 billion was spent on development of the mine, largely on waste-stripping. Assmang's Manganese Ore Mines spent R450 million, most of which was for replacement capital items and mobile mining equipment. The amount includes R86 million of the R5,6 billion intended spend on the expansion of the manganese mines. R153 million was spent on the ongoing development of the Nchwaning Manganese Mine. A further R150 million was spent at Cato Ridge Works on environmental and other sustainability projects. The conversion of two chrome furnaces to ferromanganese furnaces at Machadodorp Works continues and it is expected that the furnaces will be commissioned in the third calendar quarter of 2012. Apart from the expenditure in Assmang, R39 million has been spent on the development of two underground chromite mines at Rustenburg Minerals, the scheduled commissioning of which is expected to meet their planned production volumes during calendar 2013.

Outlook

Sovereign debt issues in Europe, the apparent economic slowdown in China and subdued recovery in the United States, continue to hamper world economic growth, which is critical to the level of global steel production and predicting the Group's performance. Although world steel production in the first half of calendar 2012 was at record levels, this level is expected to decline over the next six months, which could result in a reduction in demand for the Group's products. In addition, global supply of the Group's products has increased which has put pressure on prices. This, together with the volatility in

Consolidated income statement

	Year ended 30 June 2012 Reviewed R'000	Year ended 30 June 2011 Audited R'000
Revenue	13 762 351	11 180 035
Turnover	12 947 766	10 547 806
Cost of sales	(7 337 643)	(6 044 740)
Gross profit	5 610 123	4 503 066
Other income	1 984 313	848 731
Other expenses	(1 792 466)	(457 797)
Finance costs	(217 244)	(77 790)
Profit before taxation	5 584 726	4 816 210
Taxation	(1 537 692)	(1 566 524)
Profit for the year	4 047 034	3 249 686
Attributable to:		
Shareholders of the holding company	4 033 013	3 219 754
Non-controlling shareholders	14 021	29 932
As above	4 047 034	3 249 686
Earnings as above	4 033 013	3 219 754
Profit on disposal (net of tax) of available-for-sale investment	(406 092)	—
Impairment of non-financial assets	82 705	—
Profit on disposal of fixed assets	(1 863)	(407)
Headline earnings for the year	3 707 763	3 219 347
Earnings per share (basic and diluted) – cents	3 827	2 691
Headline earnings per share (basic and diluted) – cents	3 519	2 690
Dividends per share declared in respect of the profit for the year (cents)	550	450
– Interim	250	200
– Final	300	250
Weighted average number of ordinary shares (million)	139,61	139,61
Ordinary shares in issue	(34,24)	(19,94)
Weighted impact of treasury shares held in trust	105,37	119,67

Consolidated statement of comprehensive income

	Year ended 30 June 2012 Reviewed R'000	Year ended 30 June 2011 Audited R'000
Profit for the year (as above)	4 047 034	3 249 686
Other comprehensive (losses)/income for the year, net of tax	(389 544)	204 882
Profit on disposal of available-for-sale investments recognised in profit for the year	(472 200)	—
Net gain on revaluation to market value of available-for-sale investments	15 734	242 336
Deferred capital gains taxation	60 326	(33 927)
	(396 140)	208 409
Exchange differences on translation of foreign operations	6 596	(3 527)
Total comprehensive income for the year, net of tax	3 657 490	3 454 568
Attributable to:		
Shareholders of the holding company	3 643 469	3 424 636
Non-controlling interests	14 021	29 932
As above	3 657 490	3 454 568

Assore Limited

Company registration number: 1950/037394/06

Share code: ASR ISIN: ZAE000146932

("Assore" or "Group" or "Company")

Directors:

Executive

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

Alternate

PE Sacco

Non-executive

EM Southey* (Deputy Chairman and Lead Independent Director), RJ Carpenter, WF Urmson*

*Independent

Registered office

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

Company secretaries

African Mining and Trust Company Limited

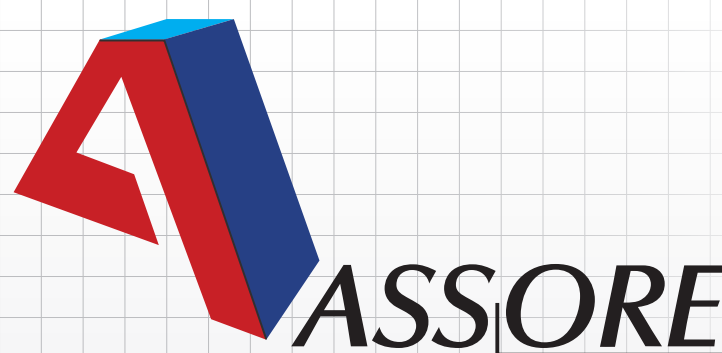
Transfer office

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

Sponsor

The Standard Bank of South Africa Limited

www.assore.com



Final results for the year ended 30 June 2012

- **Headline earnings up 15,2% to a record R3,7 billion**

- **Record iron ore volumes**

- **Capital expansion programme on schedule**

- **Final dividend increased to R3,00 per share**

Consolidated statement of financial position

	At 30 June 2012 Reviewed R'000	At 30 June 2011 Audited R'000
ASSETS		
Non-current assets		
Property, plant and equipment, investment properties and intangible assets	9 529 499	8 027 352
Investments		
– available-for-sale	239 332	887 249
– other	34 725	30 789
Other non-current financial assets	106 665	53 051
Total non-current assets	9 910 221	8 998 441
Current assets		
Inventories	2 177 066	2 005 577
Trade and other receivables	2 049 782	1 632 270
Cash resources	3 324 437	2 334 734
Total current assets	7 551 285	5 972 581
TOTAL ASSETS	17 461 506	14 971 022
EQUITY AND LIABILITIES		
Share capital and reserves		
Ordinary shareholders' interest	11 200 402	10 765 524
Non-controlling interests	126 858	114 287
Total equity	11 327 260	10 879 811
Non-current liabilities		
Deferred taxation liabilities	2 357 001	2 173 621
Long-term liabilities	1 938 844	222 888
Total non-current liabilities	4 295 845	2 396 509
Current liabilities		
Interest-bearing	192 019	154 147
Non-interest-bearing	1 646 382	1 540 555
Total current liabilities	1 838 401	1 694 702
TOTAL EQUITY AND LIABILITIES	17 461 506	14 971 022
Capital expenditure (R million)	2 312,5	2 112,5
Capital commitments (R million)	3 357,4	3 282,4

Segmental information

R'000	Joint venture mining and beneficiation				Marketing and shipping	Other mining and beneficiation	Eliminations*	Group
	Iron ore	Manganese	Chrome	Sub-total				
Year ended 30 June 2012 – Reviewed								
Revenues								
Third party	15 323 509	6 762 194	2 040 587	24 126 290	1 327 879	371 327	(12 063 145)	13 762 351
Inter-segment	—	—	—	—	384 610	260 853	(645 463)	—
Total revenues	15 323 509	6 762 194	2 040 587	24 126 290	1 712 489	632 180	(12 708 608)	13 762 351
Contribution to profit	5 835 547	1 223 279	(174 837)	6 883 989	819 943	(228 924)	(3 441 995)	4 033 013
Year ended 30 June 2011 – Audited								
Revenues								
Third party	10 358 436	6 376 483	2 487 215	19 222 134	1 067 873	290 571	(9 400 543)	11 180 035
Inter-segment	—	—	—	—	628 448	3 388	(631 836)	—
Total revenues	10 358 436	6 376 483	2 487 215	19 222 134	1 696 321	293 959	(10 032 379)	11 180 035
Contribution to profit	4 650 908	1 369 738	(233 839)	5 786 807	408 982	(70 043)	(2 905 992)	3 219 754

*Eliminations comprise of the elimination of the 50% share attributable to the joint venture party in Assmang and inter-segmental transactions.

exchange rates, makes it difficult to comment on the performance of the Group for the next six months with any confidence.

Dividends

The results in this announcement include the interim dividend of 250 cents (2011: 200 cents) per share which was declared on 16 April 2012 and paid to shareholders on 14 May 2012. In line with the results for the year, the Board has declared a final dividend of 300 cents (2011: 250 cents) per share, making a total dividend in respect of profit for the year of 550 cents (2011: 450 cents) per share. The final dividend will be paid to shareholders on or about 1 October 2012 and, in accordance with IFRS, is not included in the results contained in this announcement as it was declared after year end.

Review by auditors

Ernst & Young Inc, the Group's auditors, have reviewed and issued an unmodified report on the condensed financial results included in this announcement in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A copy of their report is available for inspection at the registered office of the Company.

Accounting policies and basis of preparation

The condensed financial results for the year under review have been prepared under the supervision of Mr CJ Cory, CA(SA) and in accordance with IAS 34 – Interim Financial Reporting as it applies to final results. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2011. Revisions and amendments to, and interpretations of IFRS effective in the year and adopted early, have not had a material impact on the results or disclosures of the Group.

Directors

Since the interim results announcement on 15 February 2012, the following changes to the Board have taken place:

- 3 May 2012 – Mr DMJ Ncube resigned as independent non-executive director;
- 31 August 2012 – Mr PC (Phil) Crous resigned as Group Technical and Operations Director, following his decision to take early retirement; and
- 1 September 2012 – Messrs AD (Alastair) Stalker and BH (Tiaan) van Aswegen, both previously alternate directors, were appointed as Group Marketing Director and Group Technical and Operations Director respectively.

Declaration of final dividend

Shareholders are advised that the board of directors ("the Board") has declared Final Dividend Number 111 ("the Dividend"), of 300 cents (2011: 250) per share (gross) for the year ended 30 June 2012 on 31 August 2012.

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

1. the Dividend has been declared from accumulated revenue;
2. the local Dividend Tax rate is 15%;
3. the Company does not have any Secondary Companies Tax (STC) credit available to reduce the impact of the Dividend Tax;
4. the net local dividend amount is 255 cents per share for shareholders liable to pay the Dividends Tax;
5. the issued ordinary share capital of Assore is 139 607 000 shares; and
6. Assore's income Tax reference number is 9045/018/84/4.

The salient dates are as follows:

- Last day for trading to qualify and participate in the final dividend Thursday, 20 September 2012
- Trading "ex dividend" commences Friday, 21 September 2012
- Record date Friday, 28 September 2012
- Dividend payment date Monday, 1 October 2012

Share certificates may not be dematerialised or rematerialised between Friday, 21 September 2012 and Friday, 28 September 2012, both days inclusive.

On behalf of the Board

Desmond Sacco

Chairman

Johannesburg

3 September 2012

CJ Cory

Chief Executive Officer

Consolidated statement of cash flow

	Year ended 30 June 2012 Reviewed R'000	Year ended 30 June 2011 Audited R'000
Cash generated from operations	3 757 225	3 521 328
Cash utilised in investing activities	(2 318 977)	(2 193 127)
Treasury shares acquired	(2 692 555)	—
Proceeds on disposal of available-for-sale investments	663 650	—
Long-term finance raised	2 310 000	—
Long term liabilities repaid	(713 900)	(894 555)
Other financing activities	(15 740)	(6 821)
Increase in cash for the year	989 703	426 825
Cash resources at beginning of year	2 334 734	1 907 909
Cash resources per statement of financial position	3 324 437	2 334 734

Consolidated statement of changes in equity

	Year ended 30 June 2012 Reviewed R'000	Year ended 30 June 2011 Audited R'000
Share capital, share premium and other reserves		
Balance at beginning of year	734 092	529 210
Other comprehensive (loss)/income	(389 544)	204 882
Balance at end of year	344 548	734 092
Treasury shares		
Balance at beginning of year	(2 359 028)	(2 359 028)
Acquired during the year	(2 692 555)	—
Balance at end of year	(5 051 583)	(2 359 028)
Retained earnings		
Balance at beginning of year	12 390 460	9 697 261
Profit for the year	4 033 013	3 219 754
Dividends paid (net of dividends on treasury shares) numbers 109 and 110 aggregating R5,00 per share (2011: R4,40 per share)	(516 036)	(526 555)
Balance at end of year	15 907 437	12 390 460
Ordinary shareholders' interest	11 200 402	10 765 524
Non-controlling interests		
Balance at beginning of year	114 287	102 035
Total comprehensive income	14 021	29 932
Dividends paid to minorities	(8 046)	(14 153)
Foreign currency translation reserve arising on consolidation	6 596	(3 527)
Balance at end of year	126 858	114 287
Total equity	11 327 260	10 879 811