Assore Limited
Company Registration Number: 1950/037394/06
Share code: ASR ISIN: ZAE000146932
("Assore" or "Group" or "Company")

ASSORE

- **Half-year earnings more than doubled**
- **Higher iron ore prices**
- **Weaker rand boosts revenues**
- **Interim dividend increased to R4,50 per share**
- **Change in basis of consolidation**

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Commentary

RESULTS

Headline earnings for the six months to 31 December 2013 increased by 119,4% to R2,4 billion, compared to the same period in the previous financial year. This is due mainly to increased headline earnings of Assmang Limited ("Assmang") for the period, which increased by 104,4% to R4,3 billion compared to the same period in the previous financial year ("the previous period").

Selling prices in US dollars for iron ore exports were on average 13% higher compared to the previous period. Prices for manganese and chrome ores remained consistent during the period, with increases in certain grades of both ore types offsetting decreases in other grades, while prices for manganese alloys were generally lower. Market conditions for all the Group's commodities firmed during the period, with continued demand from Asia and improving demand from Europe and the United States contributing to relatively stable markets. The weaker rand/US dollar exchange rate contributed significantly to Assmang's turnover, which increased by 33,5% over the previous period, resulting in higher commissions earned by the Group.

Assore holds a 50% interest in Assmang, which it controls jointly and which, until the previous accounting period, has been proportionately consolidated. In terms of new International Financial Reporting Standards ("IFRS") effective for the Group from the beginning of the financial year, joint ventures are required to be accounted for on the equity accounting basis and Assore has therefore disclosed its share of Assmang's profit after taxation in its income statement as its "Share of profit from joint venture after taxation" (refer "Accounting policies and basis of preparation" below).

SALES VOLUMES

Sales volumes of iron ore were higher for the current period, due to increased sales into the local market from Assmang's Beeshoek Mine on the back of increased local demand. However, export sales volumes from Assmang's Khumani Iron Ore Mine are being restricted due to a lack of plant availability and unreliable water supply by the regional water board, which are being addressed. Steady production from Assmang's Manganese and Chrome divisions enabled the Group to record budgeted export sales volumes for the period, however local sales volumes of manganese ore were lower.

The table below sets out Assmang's sales volumes for the current period:

Metric tons '000	Half year ended 31 December 2013	Half year ended 31 December 2012	Increase/ (decrease) %
Iron ore	**7 738**	7 433	4
Manganese ore*	**1 411**	1 513	(7)
Manganese alloys*	**117**	107	9
Charge chrome	**17**	48	(65)
Chrome ore*	**477**	483	(1)

** Excluding intra-group sales to alloy plants.*

CAPITAL EXPENDITURE

Capital expenditure in Assmang amounted to R1,5 billion (2013: R2,3 billion) for the period. The majority of the capital was spent on replacement and maintenance capital. Major project capital expenditure was undertaken at the Khumani Iron Ore Mine, on the completion of the Wet High Intensity Magnetic Separation ("WHIMS") plant (R131 million) and R199 million on the continuation of the debottlenecking activities (Khumani Optimisation Project). R297 million was spent in Assmang's Manganese Division on infrastructure and feasibility studies for the expansion of the Black Rock Mines' capacity to at least 4 million tons per annum.

The site has been established for Assmang's joint venture ferromanganese smelting project in Malaysia and groundwork has commenced. The project, valued at US dollar 328 million, is being undertaken by Sakura Ferralloys SDN.BHD, in which Assmang holds a 54,36% interest. The plant is scheduled to achieve full design production output of approximately 170 000 tons per annum towards the middle of 2016.

OUTLOOK

Robust steel production in China and the rest of the world during this reporting period supported the demand for the Group's products and prices were stronger than anticipated. However, the short-term outlook for the Chinese steel industry is clouded by environmental concerns and the gradual transition from an economy based on high fixed domestic investment to a more consumer oriented economy. Nevertheless, the Group expects that world steel production will continue to grow from the record levels of 2013 and thus demand for the Group's products should increase.

However, some concern exists regarding supply side developments in all of the Group's markets. Australian miners exported over 90 million tons of additional iron ore in the 2013 calendar year and a similar increment is expected during this calendar year. Manganese ore producers, particularly in South Africa, continue to ramp up production, while South African chrome ore exports are at record levels and are increasing.

The Group's markets are thus finely balanced and its results remain exposed to fluctuations in the rand/US dollar exchange rate, which has already weakened significantly since the start of the new calendar year.

DIVIDENDS

The results in the announcement include the final dividend relating to the previous financial year of 350 cents (2012: 300 cents) per share, which was declared on 27 August 2013 and paid to shareholders on 23 September 2013. Based on the increased level of earnings for the period, the Board has declared an interim dividend of 450 cents (2012: 250 cents) per share, which will be paid to shareholders on or about 10 March 2014.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial results for the period under review have been prepared under the supervision of Mr CJ Cory, CA(SA) and in accordance with IAS 34 – Interim Financial Reporting and comply with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited ("JSE") and the Companies Act No 71 of 2008.

In terms of IFRS 11 – Joint Arrangements, joint ventures are required to be accounted for using the equity accounting method. As determined by IFRS 11, Assmang is a joint venture, which up until the end of the previous financial year was proportionately consolidated. It has therefore been necessary to change the basis on which Assmang is accounted for to the equity accounting method from the beginning of the current period. While there was no impact on the Group results following the change, it did however, have a significant effect on disclosures made in both the consolidated income statement and statement of financial position. The results for the six months ended 31 December 2012 as previously reported have been included in order to illustrate the impact of the adoption of this standard.

In addition to the adoption of IFRS 11, the Group has adopted several new IFRSs and amendments to IFRSs which have not had any significant impact on the results or disclosures of the Group for the period under review.

DECLARATION OF INTERIM DIVIDEND

Shareholders are advised that on 11 February 2014, the board of directors ("the Board") declared Interim Dividend Number 114 ("the Dividend"), of 450 cents (2013: 250) per share (gross) for the period ended 31 December 2013.

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 retained earnings;
2. the local Dividend Tax rate is 15%;
3. the Company does not have any Secondary Companies Tax ("STC") credits available to reduce the impact of the Dividend Tax;
4. the net local dividend amount is 382,5 cents per share for shareholders liable to pay the Dividend Tax;
5. the issued ordinary share capital of Assore is 139 607 000 shares, of which 36 400 000 shares are accounted for as treasury shares in terms of IFRS and are therefore excluded from earnings per share calculations; and
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	Friday, 28 February 2014
• Trading "ex dividend" commences	Monday, 3 March 2014
• Record date	Friday, 7 March 2014
• Dividend payment date	Monday, 10 March 2014
• Dates (inclusive) between which share certificates may not be dematerialised or rematerialised	Monday, 3 March 2014 to Friday, 7 March 2014

On behalf of the Board

Desmond Sacco — *Chairman*
CJ Cory — *Chief Executive Officer*
Johannesburg
12 February 2014

Consolidated income statement

	31 December 2013 Unaudited R'000	Half year ended 31 December 2012 Unaudited restated R'000	Half year ended 31 December 2012 Unaudited reported R'000	Year ended 30 June 2013 Audited restated R'000
Revenue	**1 320 539**	988 148	5 980 025	1 964 409
Turnover	**736 069**	465 151	5 736 898	999 280
Cost of sales	**(686 908)**	(429 796)	(3 832 783)	(934 228)
Gross profit	**49 161**	35 355	1 904 115	65 052
Profit on disposal of available-for-sale investments	**—**	—	—	27 850
Other income	**584 469**	347 985	461 891	954 318
Other expenses	**(214 947)**	(205 824)	(716 083)	(447 530)
Finance costs	**(29 469)**	(52 124)	(60 981)	(91 237)
Profit before taxation and joint venture	**389 214**	125 392	1 588 942	508 453
Taxation	**(108 142)**	(67 617)	(482 607)	(171 227)
Profit after taxation, before joint venture	**281 072**	57 775	1 106 335	337 226
Share of profit from joint venture, after taxation	**2 151 322**	1 048 560	—	3 092 476
Profit for the period	**2 432 394**	1 106 335	1 106 335	3 429 702
Attributable to:				
Shareholders of the holding company	**2 427 312**	1 106 240	1 106 240	3 426 978
Non-controlling shareholders	**5 082**	95	95	2 724
As above	**2 432 394**	1 106 335	1 106 335	3 429 702
Earnings as above	**2 427 312**	1 106 240	1 106 240	3 426 978
Profit on disposal (net of tax) on available-for-sale investments	**—**	—	—	(22 657)
Impairment of non-financial assets	**—**	—	—	112 262
Loss on disposal of fixed assets	**19**	109	109	17 240
Headline earnings	**2 427 331**	1 106 349	1 106 349	3 533 823
Earnings per share (basic and diluted – cents)	**2 352**	1 072	1 072	3 320
Headline earnings per share (basic and diluted – cents)	**2 352**	1 072	1 072	3 424
Dividends per share declared in respect of the profit for the period (cents)	**450**	250	250	600
– Interim	**450**	250	250	250
– Final				350
Weighted average number of ordinary shares (million)				
Shares in issue	**139,61**	139,61	139,61	139,61
Impact of treasury shares held in trust	**(36,40)**	(36,40)	(36,40)	(36,40)
	103,21	103,21	103,21	103,21

Consolidated statement of comprehensive income

	31 December 2013 Unaudited R'000	Half year ended 31 December 2012 Unaudited restated R'000	Half year ended 31 December 2012 Unaudited reported R'000	Year ended 30 June 2013 Audited restated R'000
Profit for the period (above)	**2 432 394**	1 106 335	1 106 335	3 429 702
Items that may be reclassified into the income statement dependent on the outcome of a future event:	**42 040**	24 687	24 687	(11 730)
Reclassification of fair value gain on disposal of available-for-sale investments after taxation	**—**	—	—	(22 657)
Gain/(loss) on revaluation to market value of available-for-sale investments after taxation	**29 845**	24 779	24 779	(19 465)
Gain/(loss) on revaluation to market value of available-for-sale investments	**39 483**	30 640	30 640	(23 928)
Deferred capital gains tax thereon	**(9 638)**	(5 861)	(5 861)	4 463
Actuarial gains on pension plan after taxation	**—**	—	—	18 185
Exchange differences on translation of foreign operations	**12 195**	(92)	(92)	12 207
Total comprehensive income for the period, net of tax	**2 474 434**	1 131 022	1 131 022	3 417 972
Attributable to:				
Shareholders of the holding company	**2 469 358**	1 130 972	1 130 972	3 409 266
Non-controlling shareholders	**5 076**	50	50	8 706
As above	**2 474 434**	1 131 022	1 131 022	3 417 972

Consolidated statement of cash flow

	31 December 2013 Unaudited R'000	Half year ended 31 December 2012 Unaudited restated R'000	Year ended 30 June 2013 Audited restated R'000
Cash generated from operations	**663 821**	623 850	1 269 939
Cash utilised in investing activities	**(198 789)**	(21 656)	(24 927)
Long term liabilities repaid	**—**	—	(750 000)
Other financing activities	**(81 281)**	(65 337)	157 405
Increase in cash for the period	**383 751**	536 857	652 417
Cash resources at beginning of the period	**1 703 746**	1 095 192	1 051 329
Cash resources per statement of financial position	**2 087 497**	1 632 049	1 703 746

Consolidated statement of changes in equity

	31 December 2013 Unaudited R'000	Half year ended 31 December 2012 Unaudited restated R'000	Half year ended 31 December 2012 Unaudited reported R'000	Year ended 30 June 2013 Audited restated R'000
Share capital, share premium and other reserves				
Balance at beginning of year	**326 837**	344 548	344 548	344 548
Other comprehensive income/(loss) for the period	**43 189**	24 732	24 732	(17 711)
Surplus on disposal of available-for-sale investments recognised in profit for the year	**—**	—		(22 657)
Net increase/(decrease) in the market value of available-for-sale investments	**29 845**	24 779	24 779	(19 465)
Transfer to share-based payment reserve	**1 149**	—	—	—
Actuarial gains/(losses) on pension plan after taxation	**—**	—	—	18 185
Foreign currency translation reserve arising on consolidation	**12 195**	(47)	(47)	6 226
Balance at end of the period	**370 026**	369 280	369 280	326 837
Treasury shares				
Balance at end of the period	**(5 051 583)**	(5 051 583)	(5 051 583)	(5 051 583)
Retained earnings				
Balance at beginning of the period – as reported	**18 756 125**	15 907 437	15 907 436	15 907 437
Change in accounting policy (refer "Accounting policies and basis of preparation")	**—**	(10 651)	—	(10 651)
Balance at beginning of the period – restated	**18 756 125**	15 896 786	15 907 436	15 896 786
Profit for the period attributable to shareholders	**2 427 312**	1 106 240	1 106 240	3 426 978
Ordinary dividends declared (net of dividends on treasury shares)				
Number 113 at R3,50 per share (2012: R3,00 per share)	**(361 225)**	(309 623)	(309 622)	(567 640)
Balance at end of the period	**20 822 212**	16 693 403	16 704 054	18 756 124
Ordinary shareholders' interest	**16 140 655**	12 011 100	12 021 751	14 031 378
Non-controlling shareholders' interests				
Balance at beginning of period	**128 910**	126 858	126 858	126 858
Share of total comprehensive income	**1 929**	(6 349)	(6 349)	2 052
– profit for the period	**5 082**	95	95	2 724
– other comprehensive income	**(6)**	(45)	(45)	5 982
Dividends paid to non-controlling shareholders	**(3 147)**	(6 399)	(6 399)	(6 654)
Balance at end of the period	**130 839**	120 509	120 509	128 910
Total equity	**16 271 494**	12 131 609	12 142 260	14 160 288

Consolidated statement of financial position

	At 31 December 2013 Unaudited R'000	At 31 December 2012 Unaudited restated R'000	At 31 December 2012 Unaudited reported R'000	At 30 June 2013 Audited restated R'000
ASSETS				
Non-current assets				
Property, plant and equipment and intangible assets	**544 136**	503 224	10 239 751	510 577
Investments				
– joint venture	**14 352 389**	11 653 359	—	12 946 015
– available-for-sale investments	**392 040**	269 974	269 974	178 430
– other	**46 766**	34 942	34 942	41 963
Other non-current financial assets	**12 315**	—	163 155	12 315
Total non-current assets	**15 347 646**	12 461 499	10 707 822	13 689 300
Current assets				
Inventories	**484 496**	271 760	2 361 289	426 292
Trade and other receivables	**223 966**	196 938	2 211 782	250 711
Cash resources	**2 087 497**	1 632 049	3 134 581	1 703 746
Total current assets	**2 795 959**	2 100 747	7 707 652	2 380 749
Total assets	**18 143 605**	14 562 246	18 415 474	16 070 049
EQUITY AND LIABILITIES				
Share capital and reserves				
Ordinary shareholders' interest	**16 140 655**	12 011 100	12 021 751	14 031 378
Non-controlling shareholders' interests	**130 839**	120 509	120 509	128 910
Total equity	**16 271 494**	12 131 609	12 142 260	14 160 288
Non-current liabilities				
Net deferred taxation liabilities	**54 905**	53 257	2 523 669	43 622
Long-term liabilities				
– interest-bearing	**846 100**	1 596 100	1 596 100	846 100
– non-interest-bearing	**30 275**	36 089	361 744	24 682
Total non-current liabilities	**931 280**	1 685 446	4 481 513	914 404
Current liabilities				
Interest-bearing	**430 705**	183 175	183 175	349 424
Non-interest-bearing	**510 126**	562 016	1 608 526	645 933
Total current liabilities	**940 831**	745 191	1 791 701	995 357
TOTAL EQUITY AND LIABILITIES	**18 143 605**	14 562 246	18 415 474	16 070 049

Segmental information

R'000	Joint venture mining and beneficiation: Iron ore	Manganese	Chrome	Sub-total	Marketing and shipping	Other mining and beneficiation	Corporate and treasury	Eliminations and adjustments*	Consolidated
Half year ended 31 December 2013 – unaudited									
Revenues									
– third party	**9 424 567**	**4 029 343**	**781 782**	**14 235 692**	**1 160 891**	**155 958**	**3 690**	**(14 235 692)**	**1 320 539**
– intra-group	**—**	**—**	**—**	**—**	**1 254 231**	**181 185**	**—**	**(1 435 416)**	**—**
Total revenues	**9 424 567**	**4 029 343**	**781 782**	**14 235 692**	**2 415 122**	**337 143**	**3 690**	**(15 671 108)**	**1 320 539**
Contribution to profit	**3 644 079**	**656 731**	**36 884**	**4 337 694**	**275 702**	**67 071**	**(27 411)**	**(2 220 662)**	**2 432 394**
Half year ended 31 December 2012 – unaudited restated									
Revenues									
– third party	6 179 220	3 510 458	969 972	10 659 650	703 280	281 656	3 212	(10 659 650)	988 148
– intra-group	—	—	—	—	1 074 566	157 300	—	(1 231 866)	—
Total revenues	6 179 220	3 510 458	969 972	10 659 650	1 777 846	438 956	3 212	(11 891 516)	988 148
Contribution to profit	1 731 304	412 271	(21 503)	2 122 072	93 250	(10 827)	(37 123)	(1 061 037)	1 106 335

**Eliminations and adjustments comprise mainly of the adjustments required to give effect to the requirement of IFRS to equity account the Group's investment in Assmang.*

Directors:
Executive: Desmond Sacco *(Chairman)*, CJ Cory *(Chief Executive Officer)*, AD Stalker *(Marketing)*, BH van Aswegen *(Technical and Operations)*
Non-executive: EM Southey* *(Deputy Chairman and Lead Independent Director)*, RJ Carpenter, S Mhlarhi*, WF Urmson* *Independent
Alternate: PE Sacco
Registered office: Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 **Transfer office:** Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001
Company secretaries: African Mining and Trust Company Limited **Sponsor:** The Standard Bank of South Africa Limited

www.assore.com

BASTION GRAPHICS