Global reporting initiative (GRI) index

The following table sets out the pages in this report where the respective GRI indicators are addressed:

Item	Description	Page
1. Strategy and analysis		
1.1	Statement from senior decision-maker	22
1.2	Description of key impacts, risks and opportunities	11 – 12
2. Organisational profile		
2.1	Organisation's name	Front cover
2.2	Major products	6
2.3	Operational structure and major divisions	6, 8
2.4	Location of headquarters	148
2.5	Countries of operation	6, 8
2.6	Nature of ownership	8
2.7	Markets served including geographic breakdown/sectors served/customers	5, 14 – 19
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	13, 66
2.9	Significant changes during reporting period	none
2.10	Awards	not addressed
3. Report parameters		
3.1	Reporting period	1
3.2	Date of previous report	implicit
3.3	Reporting cycle	1
3.4	Contact point	148
3.5	Process for defining report content	60
3.6	Boundary of the report	1, 2, 58
3.7	Limitations on the scope or boundary of the report	none
3.8	Basis for reporting on joint ventures, etc	83
3.9	Data measurement techniques and bases of calculations including assumptions	throughout eg 22, 62
3.10	Restatements of information	61
3.11	Significant changes from previous reporting periods	none
3.12	GRI Content Index table	74 – 75
3.13	Policy and practice for seeking independent assurance for report	3
4. Governance, commitments and engagement		
4.1	Governance structure including committees	10
4.2	Indicate whether chair of highest governance body is also an executive officer	26, 49
4.3	Percent of independent directors	48, 49
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	50, 54
4.5	Linkage between compensation and organisation's performance for members of highest governance body/senior executives	20, 52
4.6	Process for the board to ensure conflicts of interest are avoided	52, 54
4.7	Processes for determining qualifications and expertise for guiding strategy	49, 50
4.8	Mission and values statements, codes of conduct, principles relevant to economic, environmental and social performance, and status of implementation	54, 60
4.9	Procedures of highest governance body for overseeing economic, environmental and social performance including compliance and codes of conduct	50
4.10	Processes for evaluating performance of governance body with respect to economic, environmental and social performance	54, 60
4.11	Explanation of how precautionary approach/principle is addressed by organisation	not addressed
4.12	Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives	60, 62 – 64, 71
4.13	Significant memberships in associations and/or advocacy organisations	71
4.14	List of stakeholder groups	70
4.15	Basis for identification and selection of stakeholders with whom to engage	70
4.16	Approaches to stakeholder engagement, including frequency and type	70
4.17	Key issues raised through stakeholder engagement and how organisation has responded	71

The following table sets out the pages in this report detailing the group's performance with respect to the Mining and Metals Sector Supplement of the GRI:

Item		Description	Page
Economic indicators			
	EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	61
	EC3	Coverage of the organisation's defined benefit plan obligations.	130, 132
	EC4	Significant financial assistance received from government.	none
	EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	57
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	71
	MM11	Programmes and progress relating to materials stewardship	71
Environmental indicators			
	EN3	Direct energy consumption by primary energy source.	61
	EN4	Indirect energy consumption by primary source.	61
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	63
	EN8	Total water withdrawal by source.	63
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	65
	EN13	Habitats protected or restored.	65
	EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	65
	EN16	Total direct and indirect greenhouse gas emissions by weight.	62
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	63
	EN22	Total weight of waste by type and disposal method.	64
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	60
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	63
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	65
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.	65
	MM3	Total amounts of overburden, rock, tailings and sludges presenting potential hazards.	64
	MM10	Number and percentage of operations with closure plans.	66
Social performance: Labour			
	LA1	Total workforce by employment type, employment contract and region.	68
	MM4	Number of strikes and lockouts exceeding one week's duration, by country.	68
	LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	69
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	60

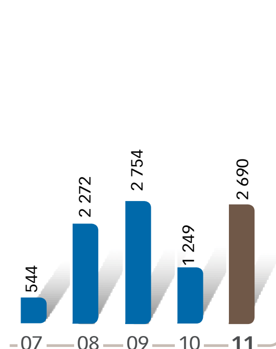
Five-year summary

of the consolidated financial statements

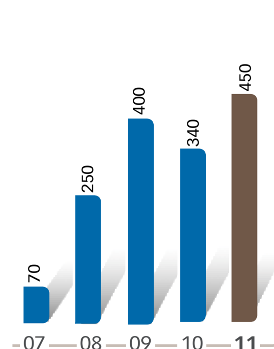
Income statements for the years ended 30 June	2007 R'000	2008 R'000	2009 R'000	2010 R'000	**2011** **R'000**
Turnover	4 293 036	9 158 937	8 818 655	7 085 669	**10 547 806**
Profit before profit on disposal of available-for-sale investments	1 129 414	4 665 106	5 229 794	2 334 460	**4 816 210**
Profit on disposal of available-for-sale investments	43 025	22 350	19 086	–	**–**
Taxation and State's share of profits	(369 084)	(1 509 091)	(1 981 493)	(822 963)	**(1 566 524)**
Profit for the year	803 355	3 178 365	3 267 387	1 511 497	**3 249 686**
Attributable to					
– Shareholders of the holding company	774 704	3 069 522	3 241 452	1 479 524	**3 219 754**
– Non-controlling interests	28 651	108 843	25 935	31 973	**29 932**
As above	803 355	3 178 365	3 267 387	1 511 497	**3 249 686**
Other information					
Attributable earnings as above (R'000)	774 704	3 069 522	3 241 452	1 479 524	**3 219 755**
Headline earnings (R'000)	736 021	3 057 708	3 265 793	1 494 205	**3 219 348**
Earnings per share (cents)	573	2 281	2 734	1 236	**2 691**
Headline earnings per share (cents)	544	2 272	2 754	1 249	**2 690**
Dividends declared during the year	84 000	126 000	555 717	415 324	**614 271**
Less: Dividends attributable to treasury shares	(2 928)	(4 392)	(76 311)	(56 309)	**(87 716)**
	81 072	121 608	479 406	359 015	**526 555**
Dividends relating to the activities of the group for the year under review (cents)					
– Interim declared and paid	30	50	200	100	**200**
– Final (declared subsequent to year-end)	40	200	200	240	**250**
	70	250	400	340	**450**
Weighted average number of shares for purposes of calculating earnings per share:					
Ordinary shares in issue	140 000	140 000	138 290	138 430	**139 607**
Treasury shares	(4 710)	(5 440)	(19 720)	(18 750)	**(19 936)**
Weighted average	135 290	134 560	118 570	119 680	**119 671**
Average exchange rates for the year					
SA rand to US dollar	7,20	7,27	8,80	7,60	**7,00**
SA rand to euro	9,67	10,72	12,08	10,53	**9,54**

The comparatives for earnings and dividends per share, and weighted average number of ordinary shares in issue have been restated for the sub-division of five-for-one ordinary shares on 10 September 2010.

Headline earnings per share (cents)



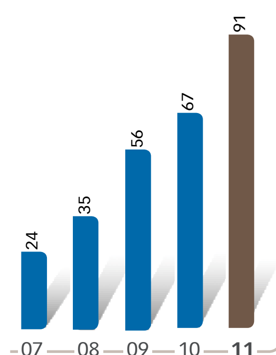
Total dividends relating to the activities of the group for the year under review (cents)



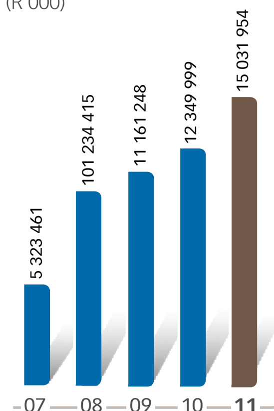
Statements of financial position
at 30 June

	2007 R'000	2008 R'000	2009 R'000	2010 R'000	**2011 R'000**
ASSETS					
Non-current assets					
Property, plant and equipment, investment properties and intangibles	3 003 319	4 196 018	5 183 450	6 409 471	**8 027 352**
Available-for-sale investments	236 119	590 066	415 066	602 851	**887 248**
Other non-current financial assets and investments	–	125	42 259	105 173	**83 840**
Deferred taxation	–	61 977	74 309	71 572	**60 933**
	3 239 438	4 848 186	5 715 084	7 189 067	**9 059 373**
Current assets					
Other current assets	1 774 566	3 286 272	2 397 097	3 253 023	**3 637 847**
Cash resources	309 457	1 988 957	3 049 067	1 907 909	**2 334 734**
Total assets	5 323 461	10 123 415	11 161 248	12 349 999	**15 031 954**
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	3 230 707	4 110 872	6 603 229	7 867 443	**10 765 524**
Non-controlling interests	48 673	111 528	71 819	102 035	**114 287**
Total equity	3 279 380	4 222 400	6 675 048	7 969 478	**10 879 811**
Non-current liabilities					
Deferred taxation	620 597	961 678	1 416 145	1 785 301	**2 234 554**
Long-term liabilities	156 955	223 320	257 513	216 826	**222 888**
	4 056 932	5 407 398	8 348 706	9 971 605	**13 337 253**
Current liabilities					
Non-interest-bearing	721 759	2 094 528	1 188 699	1 346 749	**1 540 554**
Interest-bearing	544 770	2 621 489	1 623 843	1 031 645	**154 147**
Total equity and liabilities	5 323 461	10 123 415	11 161 248	12 349 999	**15 031 954**
Net asset value per share (rand)	24	35	56	67	**91**
Exchange rates at year-end					
SA rand to US dollar	7,02	7,84	7,72	7,66	**6,78**
SA rand to euro	9,50	12,37	10,79	9,39	**9,82**

Net asset value per share
(rand)



Total assets
(R'000)



Thickener at Nchwaning beneficiation plant.

Consolidated financial statements

Approval of the annual financial statements	80
Certificate by Company Secretary	80
Independent auditors' report to the members of Assore Limited	81
Directors' report	82
Consolidated statement of financial position	88
Consolidated income statement	89
Consolidated statement of comprehensive income	89
Consolidated statement of cash flow	90
Consolidated statement of changes in equity	91
Notes to the consolidated financial statements	92

Approval of the annual financial statements
for the year ended 30 June 2011

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2011, as set out on pages 82 to 147, 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, were approved by the board of directors on 14 October 2011 and are signed on its behalf by:

Desmond Sacco
Chairman

CJ Cory
Chief Executive Officer

Certificate by Company Secretary
for the year ended 30 June 2011

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

14 October 2011

Independent auditors' report to the members of Assore Limited

for the year ended 30 June 2011

Report on the annual financial statements

We have audited the group and company annual financial statements of Assore Limited, which comprise the directors' report, the statements of financial position as at 30 June 2011, the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 82 to 147.

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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 the directors, 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 financial statements present fairly, in all material respects, the financial position of the group and company as at 30 June 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Louis Pieter van Breda
Registered Auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg

14 October 2011

Directors' report

for the year ended 30 June 2011

Nature of business

Assore Limited, which was incorporated in 1950, is a mining holding company principally engaged 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.

The group's principal investment is a 50% (2010: 50%) interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). Assmang mines iron, manganese and chrome ores and produces manganese and chrome alloys.

In addition, the group mines chrome ore and Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear- and acid-resistant tiles.

The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint-venture entities 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 review of operations.

Financial results

The financial position of the group and company and their results for the year ended 30 June 2011 are set out in the annual financial statements of the group (refer page 79) and company (refer page 133) included in this report (the financial statements).

The financial results of the group for the year ended 30 June 2011 are summarised below:

	2011 R'000	2010 R'000
Turnover	**10 547 806**	7 085 669
Profit for the year	**3 249 686**	1 511 497
Attributable to:		
Shareholders of the holding company	**3 219 754**	1 479 524
Non-controlling interests	**29 932**	31 973
As above	**3 249 686**	1 511 497
Profit attributable to the shareholders of the holding company (as above)	**3 219 754**	1 479 524
Dividends relating to the group's activities for the year under review (refer dividends below)	**538 522**	406 883
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Final dividend No 109 of 250 cents (2010: 240 cents) per share – declared on 24 August 2011	**349 018**	335 057
Less: Dividends attributable to treasury shares	**(89 710)**	(67 781)
Profit for the year after dividends	**2 681 232**	1 072 641
The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:		
Jointly controlled entity – 50% (2010: 50%) share		
– Profit for the year	**1 880 714**	853 489
Subsidiary companies		
– Profit	**284 456**	276 998
– Losses	**11 395**	47 880

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 appears within this report, 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) based on appropriate accounting policies which, unless otherwise indicated, have been applied consistently with the previous year.

The financial statements have been prepared on a going-concern basis and the directors have no reason to believe that any of the businesses in the group, except for the synthetic diamond operation, Xertech (refer page 106), in 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 amounts of all assets included on 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 duly 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 based on 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 misstatement 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.

Jointly controlled entity – Assmang

The group owns 50% (2010: 50%) of the ordinary share capital of Assmang. In accordance with IFRS, the results of Assmang are accounted for by Assore using the proportionate consolidation method and 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 2011.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2011 and dividends declared during that period, which are summarised as follows:

	2011 R'000	2010 R'000
Abridged consolidated income statement for the year ended 30 June		
Turnover	**19 074 942**	12 869 713
Profit before taxation and State's share of profit	**8 560 999**	4 161 748
Taxation and State's share of profit	**2 774 192**	1 429 526
Earnings	**5 786 807**	2 732 222
Dividends declared during the year	**2 000 000**	1 000 297
Profit for the year after dividends paid	**3 786 807**	1 731 925

	2011 R'000	2010 R'000
Abridged consolidated statement of financial position at 30 June		
Assets		
Non-current assets	**14 765 942**	11 707 434
Current assets	**9 647 584**	7 864 229
Total assets	**24 413 526**	19 571 663
Equity and liabilities		
Total equity	**17 507 225**	13 720 518
Non-current liabilities	**4 387 812**	3 540 775
Current liabilities		
– interest-bearing	**4 717**	7 224
– non-interest-bearing	**2 513 772**	2 303 146
Total equity and liabilities	**24 413 526**	19 571 663
Capital expenditure (R'million)	**4 097**	3 336
Capital commitments (R'million)	**5 374**	5 874

Directors' report continued
for the year ended 30 June 2011

Directors' emoluments

	Fees (refer note 1) R'000	Salary 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
2011						
Executive						
Desmond Sacco (Chairman)	**110**	**4 264**	**355**	**–**	**543**	**5 272**
CJ Cory (Chief Executive Officer)	**96**	**3 886**	**12 809**	**969**	**307**	**18 067**
PC Crous (Technical and Operations)	**96**	**3 414**	**12 589**	**851**	**226**	**17 176**
Non-executive						
EM Southey (Appointed Deputy Chairman and lead independent director 10 November 2011)	**217**					**217**
RJ Carpenter (retired as executive director 28 February 2011)	**114**	**2 838**	**11 355**	**697**	**17 077**	**32 081**
BM Hawksworth (resigned 27 August 2010)	**27**					**27**
DM J Ncube (appointed 3 May 2011)	**25**					**25**
MC Ramaphosa (resigned 19 August 2011)	**150**					**150**
WF Urmson (appointed 1 October 2010)	**113**					**113**
Dr JC van der Horst	**150**					**150**
Alternate						
NG Sacco (resigned 8 March 2011)	**–**	**858**	**45**	**72**	**119**	**1 094**
PE Sacco	**36**	**1 024**	**514**	**244**	**179**	**1 997**
R Smith (resigned 19 August 2011)	**–**					**–**
	1 134	**16 284**	**37 667**	**2 833**	**18 451**	**76 369**
2010						
Executive						
Desmond Sacco (Chairman)	110	3 806	317	–	508	4 741
RJ Carpenter (Deputy Chairman)	96	3 800	11 363	863	228	16 350
CJ Cory (Chief Executive Officer)	96	3 469	11 244	788	248	15 845
PC Crous (Technical and Operations)	96	3 048	11 093	692	217	15 146
Non-executive						
BM Hawksworth	175					175
MC Ramaphosa	150					150
EM Southey	150					150
JC van der Horst	150					150
Alternate						
JW Lewis (resigned 31 August 2009)	–	231	–	53	35	319
NG Sacco	–	883	36	86	45	1 050
PE Sacco	36	432	36	90	115	709
R Smith	–					–
	1 059	15 669	34 089	2 572	1 396	54 785

Notes:
1. *Directors' fees for executives include fees received from Assmang Limited.*
2. *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 results for the year. Directors owning shares in the group do so in their own right and disclosure thereof is made in this report.*
3. *Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, leave paid out, study loan benefits, use of assets and unemployment insurance fund contributions and increased substantially in the current year due to the ex-gratia payment made to Mr Carpenter on his retirement after 47 years of service in the group.*

Directors’ interests in shares of the company

Interests of the directors in the ordinary shares of the company at 30 June 2011 were as follows, and other than mentioned below, the company is unaware of any material change in these interests between year-end and the date of this report.

	Direct beneficial Number of shares		Indirect beneficial Number of shares	
	2011	2010*	**2011**	2010*
Executive directors				
Desmond Sacco	**868 500**	837 500	**32 430 490**	32 430 490
CJ Cory	**50 000**	50 000	**–**	–
PC Crous	**16 000**	15 000	**–**	–
Non-executive directors				
RJ Carpenter	**112 000**	112 000	**–**	–
BM Hawksworth (resigned 27 August 2010)		5 000		–
DM J Ncube	**–**		**–**	
MC Ramaphosa	**–**	–	**5 054 585**	5 054 585
EM Southey	**–**	–	**–**	–
WF Urmson	**–**		**–**	
Dr JC van der Horst	**–**	–	**–**	–
Alternate directors				
JW Lewis (resigned 31 August 2009)		12 500		–
NG Sacco (resigned 8 March 2011)	**192 250**	170 250	**–**	–
PE Sacco	**198 750**	176 750	**–**	–
R Smith	**–**	–	**–**	–
	1 437 500	1 379 000	**37 485 075**	37 485 075

** The comparative numbers have been restated for the five-for-one sub-division of ordinary shares on 10 September 2010.*

Directorate and secretary

The names of the directors at the date of this report are set out on pages 26 and 27 and on page 148 of this report.

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

- 11 November 2010 – Mr RJ (Bob) Carpenter stood down as Deputy Chairman, after 47 years of service with the group, and on 28 February 2011 resigned as an executive director, remaining on the board in a non-executive capacity.
- 11 November 2010 – Mr EM (Ed) Southey was appointed as Deputy Chairman and Lead Independent Director.
- 8 March 2011 – Mr NG Sacco resigned as an alternate director.
- 3 May 2011 – Mr DMJ (Don) Ncube was appointed as an independent non-executive director.
- 19 August 2011 – following the conclusion of the first phase of the third empowerment transaction, Mr MC (Cyril) Ramaphosa (and his alternate, Mr RM Smith) resigned as non-executive director.
- 7 October 2011 – Ms ZP Manase was appointed as an independent non-executive director.
- 14 October 2011 – Messrs AD Stalker and BH (Tiaan) van Aswegen were appointed alternate directors to Mr CJ Cory and Mr PC Crous respectively.

In terms of the Memorandum of Incorporation, Messrs Desmond Sacco, PC Crous, DMJ Ncube and ZP Manase are required to retire by rotation at the forthcoming Annual General Meeting. All of the above aforementioned directors, being eligible, offer themselves for re-election (refer separate insert for the “Notice to members” for a brief *curriculum vitae* for each of these directors).

Directors' report continued
for the year ended 30 June 2011

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 2011. Except for the purchase of the interest held by Shanduka Resources (Proprietary) Limited, through Main Street 343 (Proprietary) Limited by Main Street 904 (Proprietary) Limited (refer "Events after the reporting period"), the directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2011 %	2010 %
Shareholder spread		
Shares held by the public/non-public		
Non-public*		
– Holders in excess of 10% of the share capital	**75,23**	75,23
– Directors of the company	**0,89**	0,98
	76,12	76,21
Public 1 008 (2010: 1 008) shareholders	**23,88**	23,79
	100,00	100,00

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

	2011 %	2010 %
Major shareholders		
Oresteel Investments (Proprietary) Limited	**52,43**	52,43
Main Street 460 (Proprietary) Limited (a wholly owned subsidiary of Assore Limited)	**11,01**	11,01
Main Street 343 (Proprietary) Limited (a wholly owned subsidiary of Shanduka Resources (Proprietary) Limited)	**11,79**	11,79
	75,23	75,23
Others – less than 5%	**24,77**	24,77
	100,00	100,00

Dividends

The table below reflects the dividends included in respect of the profit for the year in the financial results for the year, and respectively. Following the stronger financial results, the board doubled the level of the interim dividend for the year to 200 cents (2010: 100 cents) per share. Due to the sustained level of earnings in the second half of the year, a final dividend of 250 cents (2010: 240 cents) per share was declared, resulting in the total dividend per share for the year amounting to 450 cents (2010: 340 cents).

The dividends declared during the year are as follows:

	2011 R'000	2010 R'000
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Final dividend No 109 of 250 cents (2010: 240 cents) per share – declared on 24 August 2011	**349 018**	335 057
Less: Dividends attributable to treasury shares	**(89 710)**	(67 781)
	538 522	406 883
In accordance with the accounting policy for dividends declared and paid, the following dividends are included in the financial statements:		
Final dividend No 107 of 240 cents (2010: 200 cents) per share – declared on 1 September 2010	**335 057**	275 717
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Less: Dividends attributable to treasury shares	**(87 716)**	(56 309)
	526 555	359 015

Special resolution

On 10 September 2010, shareholders approved that the ordinary share capital of the company be sub-divided by a factor of five, resulting in the authorised and issued ordinary share capital increasing to 200 000 000 (2010: 40 000 000) and 139 607 000 (2010: 27 921 400) shares respectively.

Events after the reporting period

The following significant corporate events occurred subsequent to the year-end but, in the opinion of the board of directors, do not require any adjustments to the financial statements at 30 June 2011:

- On 10 August 2011, in order to effect the first phase of the third empowerment transaction (refer "Black Economic Empowerment Status report", page 56), authority was granted to the directors, in terms of section 44 of the Companies Act, to enter into and implement agreements in order to provide financial assistance to Main Street 904 (Proprietary) Limited;
- On 19 August 2011, following the conclusion of the first phase of the third empowerment transaction, Mr MC Ramaphosa (and his alternate, Mr RM Smith) resigned as non-executive director; and
- On 26 August 2011, Assmang reached settlement with its local insurers on the insurance claim submitted following the explosion at No 6 furnace at Cato Ridge Works in 2008. The portion attributable to the group amounts to approximately R70 million. This transaction has not been recognised in the group's financial statements.

Holding company

The company's holding company is Oresteel Investments (Proprietary) Limited.

Johannesburg
14 October 2011

Consolidated statement of financial position

as at 30 June 2011

	Note	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	**7 962 655**	6 344 594
Investment properties	3	**62 130**	62 130
Intangible assets	4	**2 567**	2 747
Investments			
– available-for-sale	5	**887 249**	602 851
– other	5	**30 789**	73 267
Other non-current financial assets	6	**53 051**	31 906
Deferred taxation	14	**60 933**	71 572
		9 059 373	7 189 067
Current assets			
Inventories	7	**2 005 577**	1 771 977
Trade and other receivables	8	**1 632 270**	1 481 046
Cash deposits held by environmental trusts	15	**70 292**	57 927
Cash resources		**2 264 442**	1 849 982
		5 972 581	5 160 932
Total assets		**15 031 954**	12 349 999
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	**698**	698
Share premium	10	**264 092**	264 092
Treasury shares	11	**(2 359 028)**	(2 359 028)
Retained earnings		**12 390 460**	9 697 261
Other reserves	12	**469 302**	264 420
Equity attributable to shareholders of the parent		**10 765 524**	7 867 443
Non-controlling interests		**114 287**	102 035
Total equity		**10 879 811**	7 969 478
Non-current liabilities			
Long-term borrowings	13	**–**	2 733
Deferred taxation	14	**2 234 554**	1 785 301
Long-term provisions	15	**222 888**	214 093
		2 457 442	2 002 127
Current liabilities			
Trade and other payables	16	**1 238 051**	1 006 078
Taxation		**192 345**	253 895
Short-term provisions	17	**110 158**	86 776
Short-term borrowings and overdrafts	18	**154 147**	1 031 645
		1 694 701	2 378 394
Total equity and liabilities		**15 031 954**	12 349 999

Consolidated income statement

for the year ended 30 June 2011

	Note	2011 R'000	2010 R'000
Revenue	19	**11 180 035**	7 565 582
Turnover		**10 547 806**	7 085 669
Cost of sales		**6 044 740**	4 787 703
Gross profit		**4 503 066**	2 297 966
Net technical fees and commissions on sales		**313 369**	229 382
Investment income		**171 010**	208 597
Foreign exchange gains (refer note 21)		**254 132**	140 513
Other income		**110 221**	54 243
Finance costs	20	**(77 790)**	(123 633)
Foreign exchange losses (refer note 21)		**(155 901)**	(19 723)
Staff remuneration and benefits		**(223 091)**	(150 115)
Other expenses		**(78 806)**	(302 770)
Profit before taxation and State's share of profits	21	**4 816 210**	2 334 460
Taxation and State's share of profits	22	**1 566 524**	822 963
Profit for the year		**3 249 686**	1 511 497
Attributable to:			
Shareholders of the holding company		**3 219 754**	1 479 524
Non-controlling interests		**29 932**	31 973
As above		**3 249 686**	1 511 497
Earnings per share (cents) (basic and diluted)	23	**2 691**	1 236

Consolidated statement of comprehensive income

for the year ended 30 June 2011

	2011 R'000	2010 R'000
Profit for the year (as above)	**3 249 686**	1 511 497
Other comprehensive income/(losses) for the year, net of tax	**204 882**	143 705
Net gain on revaluation of available-for-sale investments to market value	**242 336**	167 095
Deferred capital gains tax thereon (refer note 14)	**(33 927)**	(23 393)
	208 409	143 702
Exchange differences on translation of foreign operations	**(3 527)**	3
Total comprehensive income for the year, net of tax	**3 454 568**	1 655 202
Attributable to:		
Shareholders of the holding company	**3 424 636**	1 623 229
Non-controlling interests	**29 932**	31 973
As above	**3 454 568**	1 655 202

Consolidated statement of cash flow

for the year ended 30 June 2011

	Note	**2011 R'000**	2010 R'000
Cash retained from operating activities		**3 521 328**	1 331 957
Net cash generated by operations		**5 195 088**	2 270 527
Cash generated by operations	25.1	**5 355 730**	2 708 702
Dividend income	25.2	**37 637**	17 770
Movements in working capital	25.3	**(198 279)**	(455 945)
Interest income	19	**133 373**	190 827
Finance costs	20	**(64 641)**	(118 911)
Taxation paid	25.4	**(1 202 110)**	(649 861)
Dividends paid to shareholders of the holding company	25.5	**(526 229)**	(358 865)
Dividends paid to non-controlling shareholders		**(14 153)**	(1 760)
Cash utilised in investing activities		**(2 205 492)**	(1 810 376)
Acquisition of available-for-sale investments		**(42 062)**	(20 690)
Proceeds on realisation of investments		**42 478**	–
Investment in employee funds and deferred bonus scheme		**–**	(31 008)
Additions to property, plant and equipment			
– to maintain operations		**(759 807)**	(561 345)
– to expand operations		**(1 441 574)**	(1 199 744)
Additions to investment properties		**–**	(292)
Net movement in environmental rehabilitation trust funds		**(12 365)**	(10 188)
Proceeds on disposal of property, plant and equipment		**7 838**	12 891
Cash utilised in financing activities		**(901 376)**	(672 927)
Decrease in long-term borrowings		**(2 733)**	(45 211)
Decrease in short-term borrowings and overdrafts		**(877 498)**	(595 810)
Long-term advances made		**(21 145)**	(31 906)
Cash resources			
– increase/(decrease) for the year		**414 460**	(1 151 346)
– at beginning of year		**1 849 982**	3 001 328
– at end of year	25.6	**2 264 442**	1 849 982

Consolidated statement of changes in equity

for the year ended 30 June 2011

	Note	2011 R'000	2010 R'000
Share capital			
Balance at beginning of year		**698**	689
Ordinary shares issued		**–**	9
Balance at end of year	9	**698**	698
Share premium			
Balance at beginning and end of year		**264 092**	30 358
Arising on issue of ordinary shares		**–**	233 734
Balance at end of year	10	**264 092**	264 092
Treasury shares			
Balance at beginning of year		**(2 359 028)**	(2 125 285)
Ordinary shares issued during the year to a subsidiary company		**–**	(233 743)
	11	**(2 359 028)**	(2 359 028)
Retained earnings			
Balance at beginning of year		**9 697 261**	8 576 752
Profit for the year		**3 219 754**	1 479 524
Ordinary dividends declared during the year		**(526 555)**	(359 015)
Final dividend No 107 of 240 cents (2010: 200 cents) per share – declared on 1 September 2010		**(335 057)**	(275 717)
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011		**(279 214)**	(139 607)
Less: Dividends attributable to treasury shares		**87 716**	56 309
Balance at end of year		**12 390 460**	9 697 261
Other reserves			
Balance at beginning of year		**264 420**	120 715
Other comprehensive income		**204 882**	143 705
Net increase in the market value of available-for-sale investments		**242 336**	167 095
Deferred capital gains taxation provided on the revaluation of available-for sale investments to market value		**(33 927)**	(23 393)
Foreign currency translation loss arising on consolidation		**(3 527)**	3
Balance at end of year	12	**469 302**	264 420
Equity attributable to shareholders of the parent		**10 765 524**	7 867 443
Non-controlling interests		**114 287**	102 035
Balance at beginning of year		**102 035**	71 819
Total comprehensive income – attributable to non-controlling interests		**29 932**	31 973
Dividends paid to non-controlling shareholders		**(14 153)**	(1 760)
Foreign currency (loss)/gain reserve arising on consolidation		**(3 527)**	3
Total equity		**10 879 811**	7 969 478

Notes to the consolidated financial statements

for the year ended 30 June 2011

1. Accounting policies

1.1 Basis of preparation

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

1.1.1 *Statement of compliance*

The financial statements of the group and company have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation.

1.1.2 *Changes in accounting policies*

In addition to a set of improvements to IFRS, published by the IASB, representing mostly minor changes, the following new, revised and amended standards and interpretations were adopted by the group in the current year, none of which had any impact on the accounting policies, financial position or performance of the group or the company:

IFRS 2 (Amendment) – *Group Cash-settled Share-based Payment Transactions*

IAS 32 (Amendment) – *Financial instruments: Classification of Rights Issues*

IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*

1.1.3 *IFRS and IFRIC interpretations 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	Impact
IAS 24	*Related-party Disclosures (Revised)*	January 2011	The revisions to the standard clarify the definition of a related party to simplify the identification of related-party relationships, particularly in relation to significant influence and joint control. The group is in the process of determining the impact these revisions may have on its disclosures.
IFRIC 14	*IFRIC 14 (Amendment) – Prepayments of a Minimum Funding Requirement*	January 2011	The amendment to the interpretation provides guidance on assessing the recoverable amount of a net pension asset, and permits an entity to treat the prepayment of a minimum funding requirement as an asset. In the event that the group undertakes prepayments as envisaged in the revised interpretation, the impact on its results and disclosures will be effected accordingly.
IFRS 7	*Financial Instruments: Disclosures (Amendment)*	July 2011	The amendment requires additional qualitative disclosures relating to transfers of financial assets that are entirely derecognised, but where the entity has continuing involvement in these assets, and to financial assets not entirely recognised. The group does not expect this amendment to have a material effect on its results and disclosures.

Standard	Description	Effective for financial periods commencing	Impact
IAS 12	IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*	January 2012	The amendments introduce a presumption that an investment property is recovered entirely through its sale. This presumption is rebutted if the investment property is held within a business model of which the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through its sale. The group does not expect this amendment to have a material effect on its results and disclosures.
IFRS 9	*Financial Instruments*	January 2013	The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement*, with IFRS 9, which is being prepared on a phased basis. The statement aims to simplify many of the aspects contained in IAS 39, and will be required to be applied retrospectively. The group is in the process of determining the impact of the standard on its results and disclosures.
IFRS 10	*Consolidated Financial Statements*	January 2013	This new standard includes a new definition of control which is used to determine which entities will be consolidated. This will apply to all entities, including special purpose entities (now known as "structured entities"). The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore consolidated, and may result in a change to the entities which are within a group. The group is in the process of determining the impact of the standard on its results and disclosures.
IFRS 11	*Joint Arrangements*	January 2013	IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 describes the accounting for a "joint arrangement", which is defined as a contractual arrangement over which two or more parties have joint control. Joint arrangements are classified as either joint operations or ventures. IFRS 11 provides a new definition of joint control, and substantially changes the accounting for certain joint arrangements. Jointly controlled assets and jointly controlled operations (as defined under IAS 31, which is currently applicable), are now termed as joint operations under IFRS 11, and the accounting of those arrangements will be the same under IAS 31. That is, the joint operator continues to recognise its assets, liabilities, revenues and expenses, and/or its relative share of those items if any. Where proportionate consolidation was used to account for jointly controlled entities under IAS 31, such entities will most likely be classified as joint ventures under IFRS 11. The transition to IFRS 11 could result in substantial changes to the financial statements of the joint venturer (now defined as a party that has joint control in a joint venture), due to the requirement that joint ventures will be required to be accounted for using the equity method and that proportionate consolidation will no longer be permitted. Because the group is extensively invested in joint arrangements, the adoption of this standard could result in the financial statements being significantly affected. The group is, however, in the process of determining the impact of the standard on its results and disclosures.

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

Standard	Description	Effective for financial periods commencing	Impact
IFRS 12	*Disclosures of Interests in Other Entities*	January 2013	This new standard describes and includes all the disclosures that are required relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. Entities will be required to disclose the judgements made to determine whether it controls another entity. The group is in the process of determining the impact of the standard on its results and disclosures.
IFRS 13	*Fair Value Measurement*	January 2013	This new standard provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. The group is in the process of determining the impact of the standard on its results and disclosures.

1.2 Significant accounting judgements and estimates

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 Bokamoso Trust is a broad-based community trust which is independently controlled by and for the benefit of historically disadvantaged South Africans (HDSAs) as contemplated in the Mining Charter and is therefore not a group entity. However, due to the extent to which a special-purpose vehicle (SPV) owned by the Trust is indebted to the group, both the Trust and its SPV have been consolidated in the group financial statements in order to comply with the requirements of IFRS.

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 limited to country risks; and
- prior exploration knowledge available about the target orebody,

which reduce the level of risk associated with the capitalisation of this expenditure to an acceptable level.

Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and associated decommissioning of 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.

1.3 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 intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated on consolidation.

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. All intragroup transactions and balances (including profits and losses that arise between group companies) are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the group which are presented separately in the income statement and within equity in the consolidated statement of financial position.

Joint ventures

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the group, in terms of contractual agreements, has joint control over the financial and operating policy decisions of the enterprise. The group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is incorporated on a line-by-line basis in the group financial statements and all intragroup transactions and balances are eliminated on consolidation. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

1.4 Property, plant and equipment and depreciation

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.

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.

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 proved 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.

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

1. Accounting policies (continued)

1.4 Property, plant and equipment and depreciation (continued)

Land, buildings and mine, township and industrial properties

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, township and industrial properties, including houses, schools and administration blocks, 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 and equipment

Mining plant and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 19 years, and the units-of-production method based on estimated proved 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 and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

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 30 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 project risk areas identified above and which indicates by means of a prefeasibility 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 over a maximum period of 30 years.

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

Vehicles, furniture and office equipment

Vehicles, furniture and office equipment are depreciated on the straight-line basis using the following useful lives:

Vehicles – between 5 and 9 years
Furniture – between 3 and 10 years
Office equipment – between 2 and 11 years

Leased assets

Leased assets are depreciated on the same basis as the property, plant and equipment owned by the group.

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 brought into use as intended.

1.5 Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or group of assets and whether the arrangement conveys a right to use the asset.

Leases of assets where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at fair value of the leased assets at commencement of the lease, or, if lower, the present value of the minimum lease payments and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against finance costs, and the capital repayment, which reduces the liability to the lessor.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are reflected at cost less accumulated depreciation and accumulated impairment charges. Investment properties are only depreciated if their carrying value exceeds estimated residual value, in which case they are written down to market value.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

1.7 Intangible assets

Intangible assets represent proprietary technical information and goodwill. 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 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.

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired based on future income streams of the cash-generating unit.

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

1. Accounting policies (continued)

1.8 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.

1.9 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that the carrying value of an asset 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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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 pretax 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.

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

1.10 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:

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.

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.

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

Environmental rehabilitation trust funds
The group assesses the necessity to make annual contributions to the environmental rehabilitation trust funds, which have been created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. Annual contributions to the trust funds are determined in accordance with the estimated environmental obligation divided by the remaining life of a mine after taking into account bankers' guarantees in favour of the Department of Mineral Resources. Income earned on monies paid to the trust is accounted for as net investment income. The environmental trust funds are consolidated.

1.11 Financial instruments

Recognition methods adopted for financial instruments are 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, subsidiary companies and unlisted investments are classified as available-for-sale investments and are measured at fair value, which equates to market value.

Gains and losses on subsequent measurement 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, which generally have 60 to 120-day terms, 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 amount of the impairment is charged to the income statement.

Preference shares, trade and other payables
Preference shares, trade and other payables are stated at amortised cost, being the initial recognised obligation less payments made and any other adjustments.

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.

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

1. Accounting policies (continued)

1.12 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. Derivatives 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.

1.13 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 expires. 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.

1.14 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.

1.15 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, 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 either reduced directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

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. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, 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 discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income to the income statement. Impairments recorded against available-for-sale equity instruments are not reversed.

1.16 Foreign currency translation

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

Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the rate of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the approximate rates ruling at that date. Foreign exchange gains or losses arising from foreign exchange transactions, whether realised or unrealised, are included in the determination of profit or loss.

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 are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate at the date of the transaction and are remeasured at the closing rate at each reporting date.

1.17 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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

1. Accounting policies (continued)

1.18 Taxation

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.

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.

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.

Secondary taxation on companies (STC)

STC is calculated on the declaration date of each dividend, net of dividends received during the dividend cycle, and is included in the taxation expense in the income statement. To the extent that it is probable that the entity with the STC credits will declare dividends of its own against which unused STC credits can be utilised, a deferred tax asset is recognised for such STC credits.

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.

1.19 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 pretax 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.

1.20 Treasury shares

Own equity instruments which are reacquired are regarded as treasury shares and are regarded 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.

1.21 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 FOB or CIF sales value of ores and alloys exported and the 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 amount of the financial asset.

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

1. Accounting policies (continued)

1.21 Revenue (continued)

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.

1.22 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 using the "corridor method". These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, following the introduction of, or changes to, a pension plan, past-service cost is recognised immediately.

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.

1.23 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.

1.24 Definitions

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and State's share of profits, 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 3/2009 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 notes to the financial statements. The book value of cash deposits with banks and money market instruments approximate their fair value.

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.

Fair value

Where an active market is available, it is used to represent fair value. Where there is not an active market, fair value is determined using valuation techniques, including using recent arm's length market transactions with reference to the current market of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011			2010		
	Cost R'000	**Accumulated depreciation and impairment charges R'000**	**Carrying amount R'000**	Cost R'000	Accumulated depreciation and impairment charges R'000	Carrying amount R'000
2. Property, plant and equipment						
At year-end						
Mining assets						
Mineral and prospecting rights	**435 758**	**136 577**	**299 181**	432 476	111 071	321 405
Land, buildings and mine properties	**812 895**	**134 595**	**678 300**	635 494	111 893	523 601
Plant and equipment	**6 463 787**	**1 284 513**	**5 179 274**	5 143 715	1 073 726	4 069 989
Prospecting, exploration, mine development and decommissioning assets	**1 257 775**	**337 628**	**920 147**	1 026 865	306 143	720 722
Vehicles, furniture and office equipment	**1 242 308**	**527 579**	**714 729**	911 885	374 029	537 856
Leased assets capitalised	**25 614**	**23 664**	**1 950**	26 247	20 574	5 673
Capital work in progress	**54 198**	**–**	**54 198**	37 308	–	37 308
	10 292 335	**2 444 556**	**7 847 779**	8 213 990	1 997 436	6 216 554
Other assets						
Land and buildings	**6 403**	**–**	**6 403**	18 442	782	17 660
Industrial property	**19 151**	**12 506**	**6 645**	24 829	13 546	11 283
Plant and equipment	**149 271**	**101 901**	**47 370**	152 607	98 372	54 235
Vehicles, furniture and office equipment	**66 674**	**24 258**	**42 416**	60 682	16 611	44 071
Capital work in progress	**12 042**	**–**	**12 042**	791	–	791
	253 541	**138 665**	**114 876**	257 351	129 311	128 040
	10 545 876	**2 583 221**	**7 962 655**	8 471 341	2 126 747	6 344 594

Exchange differences

Exchange gains arising on the translation at year-end of the property, plant and equipment of a foreign subsidiary amounted to R11 821 (2010: R11 714).

Leased assets

Vehicles with a carrying amount of R1,9 million (2010: R5,7 million) are encumbered as security for the finance lease agreements referred to in note 13.

Capital work-in-progress

Included in mine development, plant and equipment and capital work in progress above, are assets with a carrying amount of R1 930,5 million (2010: R1 802,1 million) which relate to projects in progress from which no revenue is currently derived.

Impairment of assets

Following the impairment of the synthetic diamond operation in the previous year, Xertech, management ceased its operations subsequent to the evaluation of various options to establish an alternative sustainable basis for its continued operation. To date, no suitable mechanisms have been identified to exit the synthetic diamond business. Accordingly, up to and including the previous financial year, Xertech's assets were impaired by R75,8 million (2010: R75,8 million) on the basis of its fair value less costs to sell. The values have been determined with reference to equivalent values attainable in the respective active markets for assets concerned. Management continue to pursue suitable disposal options.

2. Property, plant and equipment (continued)

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Reclassi-fications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Movement for the year – 2011						
Mining assets						
Mineral and prospecting rights	**321 405**	**–**	**–**	**2 685**	**(24 909)**	**299 181**
Land, buildings and mine properties	**523 601**	**148 825**	**(133)**	**29 923**	**(23 916)**	**678 300**
Plant and equipment	**4 069 989**	**1 490 071**	**(13 825)**	**(72 797)**	**(294 164)**	**5 179 274**
Prospecting, exploration, mine development and decommissioning assets	**720 722**	**230 128**	**(3 276)**	**6 299**	**(33 725)**	**920 147**
Vehicles, furniture and office equipment	**537 856**	**293 240**	**(18 482)**	**51 018**	**(148 903)**	**714 729**
Leased assets capitalised	**5 673**	**–**	**(633)**	**–**	**(3 090)**	**1 950**
Capital work in progress	**37 308**	**22 627**	**–**	**(5 737)**	**–**	**54 198**
	6 216 554	**2 184 891**	**(36 349)**	**11 391**	**(528 707)**	**7 847 779**
Other assets						
Land and buildings	**17 660**	**–**	**–**	**(11 257)**	**–**	**6 403**
Industrial property	**11 283**	**–**	**–**	**(4 404)**	**(234)**	**6 645**
Plant and equipment	**54 235**	**28**	**–**	**1 832**	**(8 725)**	**47 370**
Vehicles, furniture and office equipment	**44 071**	**5 379**	**(1 026)**	**2 940**	**(8 947)**	**42 416**
Capital work in progress	**791**	**11 752**	**(1)**	**(502)**	**–**	**12 042**
	128 040	**17 159**	**(1 027)**	**(11 391)**	**(17 906)**	**114 876**
	6 344 594	**2 202 050**	**(37 376)**	**–**	**(546 613)**	**7 962 655**
Movement for the year – 2010						
Mining assets						
Mineral and prospecting rights	340 785	–	–	–	(19 380)	321 405
Land, buildings and mine properties	432 555	116 513	(190)	203	(25 480)	523 601
Plant and equipment	2 928 960	1 315 409	(197)	98 899	(273 082)	4 069 989
Prospecting, exploration, mine development and decommissioning assets	649 280	112 175	(10 457)	–	(30 276)	720 722
Vehicles, furniture and office equipment	542 439	149 427	(14 665)	7	(139 352)	537 856
Leased assets capitalised	11 140	–	(1 256)	–	(4 211)	5 673
Capital work in progress	107 238	47 750	(6 306)	(111 374)	–	37 308
	5 012 397	1 741 274	(33 071)	(12 265)	(491 781)	6 216 554
Other assets						
Land and buildings	10 975	–	(15)	7 087	(387)	17 660
Industrial property	11 846	121	–	–	(684)	11 283
Plant and equipment	56 541	2 253	(109)	15 367	(19 817)	54 235
Vehicles, furniture and office equipment	10 569	33 924	(900)	5 178	(4 700)	44 071
Capital work in progress	16 357	279	(478)	(15 367)	–	791
	106 288	36 577	(1 502)	12 265	(25 588)	128 040
	5 118 685	1 777 851	(34 573)	–	(517 369)	6 344 594

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
3. Investment properties		
Land and buildings		
Carrying amount at beginning of year	**62 130**	61 838
Acquisitions	**–**	292
Carrying amount at end of year	**62 130**	62 130
Estimated fair value	**152 025**	152 025

A register containing details of investment properties is available for inspection during business hours at the registered address of the holding company by shareholders or their duly authorised agents.

There is no depreciation charge for the year as the residual values are either equal to, or exceed the carrying amounts.

	2011 R'000	2010 R'000
4. Intangible assets		
Licences		
Carrying amount at beginning of year	**1 329**	1 509
Amortisation for the year	**(180)**	(180)
Carrying amount at end of year	**1 149**	1 329
Goodwill		
Carrying amount at beginning and end of year	**1 418**	1 418
	2 567	2 747

Goodwill represents the excess attributable on the acquisition of a majority stake in an offshore entity, which has been assessed for impairment at the balance sheet date. The directors are of the opinion that the goodwill recognised will be recovered in the form of sufficient cash flows from the entity.

	2011 R'000	2010 R'000
5. Investments		
Available-for-sale investments		
Listed – at market value		
Balance at beginning of year	**602 851**	415 066
Purchases at cost	**42 062**	20 690
Fair value adjustment	**242 336**	167 095
Balance at end of year (refer below)	**887 249**	602 851
Other investments		
– unlisted at market value	**30 664**	73 142
– unlisted at cost and directors' valuation	**125**	125
	30 789	73 267
Listed investments – at cost	**358 417**	316 355
Cumulative fair value adjustment transferred to other reserves (refer note 12)	**528 832**	286 496
As above	**887 249**	602 851

		2011 R'000	2010 R'000
6.	**Other non-current financial assets**		
	Loans and long-term receivables		
	Balance at beginning of year	**31 906**	–
	Home loans advanced to employees during the year	**21 145**	31 906
	Balance at end of year	**53 051**	31 906
	Loans granted to Assmang employees, the repayment terms of which vary between five and 20 years. The loans bear interest at the prime lending rate, less 2%		
7.	**Inventories**		
	Raw materials	**245 105**	757 843
	Consumable stores	**222 342**	222 466
	Work in progress	**142 116**	69
	Finished goods	**1 396 015**	791 875
	Less: Provision for obsolete inventory	**–**	(276)
		2 005 577	1 771 977
	Cost of inventory recognised as an expense included in cost of sales	**4 085 241**	3 277 300
	Cost of inventory written down during the year recognised in other expenses (refer note 21)	**91 069**	4 148
8.	**Trade and other receivables**		
	Trade receivables	**1 618 028**	1 460 915
	Other receivables	**14 242**	20 131
		1 632 270	1 481 046
	Trade and other receivables are non-interest-bearing, the terms of which are between 60 and 120 days.		
9.	**Share capital**		
	Authorised		
	200 000 000 (2010: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	At beginning of year (139 607 000 (2010: 137 858 265)) ordinary shares of 0,5 cents each	**698**	689
	Shares issued during the prior year (1 748 735 ordinary shares of 0,5 cents each) in terms of the authority granted at a General Meeting held on 19 January 2010	**–**	9
	At end of year (139 607 000 (2010: 139 607 000) ordinary shares of 0,5 cents each)	**698**	698
10.	**Share premium**		
	Balance at beginning of year	**264 092**	30 358
	Arising on shares issued during the year (refer note 9)	**–**	233 734
	Balance at end of year	**264 092**	264 092
11.	**Treasury shares**		
	Balance at beginning of year	**(2 359 028)**	(2 125 285)
	In 2010 1 748 735 Assore shares, being 1,25% of issued share capital at the time acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore at R133,66 per share in terms of the authority granted by shareholders at the Annual General Meeting held on 27 November 2009	**–**	(233 743)
	Balance at end of year	**(2 359 028)**	(2 359 028)

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
12. Other reserves		
Foreign currency translation reserve arising on consolidation	**14 291**	17 817
After tax fair value adjustment arising on the revaluation of available-for-sale investments	**455 011**	246 603
Gross fair value adjustment at year-end (refer note 5)	**528 832**	286 496
Less: deferred capital gains taxation	**(73 821)**	(39 893)
	469 302	264 420
13. Long-term borrowings		
Preference shares		
Balance at beginning of prior year:		
452 "A" redeemable cumulative variable rate preference shares of 1 cent each issued by Main Street 350 (Proprietary) Limited to SBSA to finance the acquisition of Assore shares by the Bokamoso Trust, issued at a premium of R99 999,99 per share	**–**	45 200
Redemption of 452 shares at issue value	**–**	(45 200)
Balance at end of year	**–**	–
Long-term portion of finance lease liabilities		
Finance lease liabilities over vehicles with a carrying amount of R1,9 million (2010: R5,7 million) repayable in varying monthly instalments over 12 months (2010: 24 months) which bear interest at 1,28% (2010: 1,28%) below the prime overdraft rate	**2 359**	6 345
Less: Repayable within one year included in short-term borrowings (refer note 18)	**(2 359)**	(3 612)
	–	2 733

The finance leases relate to mining vehicles and there are no terms of renewal or purchase options included in the agreements concerned.

Interest payable and repayment terms

	Total borrowings at year-end	Repayable during the years ending 30 June	
	2011 R'000	**2012 R'000**	**2013 R'000**
2011			
Secured			
– finance lease liabilities	**–**	**–**	**–**
2010			
Secured			
– finance lease liabilities	6 345	3 612	2 733

	2011		2010	
	Minimum payments R'000	**Present value of payments R'000**	Minimum payments R'000	Present value of payments R'000
Repayable – within one year	**2 423**	**2 359**	3 612	3 612
– after one year but not more than five years	**–**	**–**	4 282	2 733
Total minimum lease payments	**2 423**	**2 359**	7 894	6 345
Less: Finance charges	**64**	**–**	1 549	–
Present value of minimum lease payments (as above)	**2 359**	**2 359**	6 345	6 345

	2011 R'000	2010 R'000
14. Deferred taxation		
At year-end		
Raised on the following:		
Accelerated capital allowances	**2 202 786**	1 747 504
Provisions raised	**(104 800)**	(70 925)
Valuation of inventories	**(1 812)**	(907)
Income received in advance	**–**	(5 217)
Revaluation of available-for-sale investments	**73 820**	39 893
Other	**3 627**	3 381
	2 173 621	1 713 729
Movements		
Balance at beginning of year	**1 713 729**	1 341 836
– deferred tax assets	**71 572**	74 309
– deferred tax liabilities	**1 785 301**	1 416 145
Movements for the current year:		
Arising from temporary differences (refer note 22)	**425 965**	348 500
– Accelerated capital allowances	**455 282**	334 627
– Provisions (raised)/reversed	**(33 875)**	2 958
– Valuation of inventories	**(905)**	15 184
– Income received in advance	**5 217**	(5 217)
– Other	**246**	948
Arising from revaluation of available-for-sale investments recorded in the statement of other comprehensive income	**33 927**	23 393
Balance at end of year	**2 173 621**	1 713 729
– deferred tax assets	**60 933**	71 572
– deferred tax liabilities	**2 234 554**	1 785 301
15. Long-term provisions		
Environmental obligations		
Provision against cost of decommissioning assets	**152 005**	116 659
Balance at beginning of year	**116 659**	119 366
Provisions raised/(reversed) during the year	**25 798**	(3 355)
Provision discount adjustment	**9 548**	648
Provision for cost of environmental restoration	**52 805**	54 586
Balance at beginning of year	**54 586**	61 161
Provisions reversed during the year	**(5 382)**	(10 649)
Provision discount adjustment	**3 601**	4 074
Balance at end of year	**204 810**	171 245
Post-retirement healthcare benefits (refer note 33)		
Balance at beginning of year	**10 597**	10 648
Increase/(decrease) in benefits payable	**1 252**	(51)
Balance at end of year	**11 849**	10 597
Carried forward	**216 659**	181 842

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
15. Long-term provisions (continued)		
Brought forward	**216 659**	181 842
Deferred bonus scheme		
Balance at beginning of year	**32 251**	14 782
Provision (reversed)/raised during the year	**(2 067)**	17 469
Transferred to short-term provisions (refer note 17)	**(23 955)**	–
Balance at end of year	**6 229**	32 251
	222 888	214 093
Environmental restoration obligations before funding (as above)	**204 810**	171 245
Less: Cash deposits held by environmental trusts (per balance sheet)	**70 292**	57 927
Obligation provided for on the balance sheet, but not yet funded	**134 518**	113 318

The provision for environmental restoration obligations is calculated based on discounted cash flow techniques using inflation rates of between 6,5% and 9,5% (2010: 4% and 9,5%) and nominal rates of between 8,5% and 13% (2010: 7,5% and 13%).

16. Trade and other payables

	2011 R'000	2010 R'000
Trade payables	**1 180 625**	950 017
Other payables	**57 426**	56 061
	1 238 051	1 006 078

Trade and other payables are non-interest-bearing, the terms of which are between 30 to 60 days.

17. Short-term provisions

	2011 R'000	2010 R'000
Bonuses		
Balance at beginning of year	**2 976**	2 810
Provisions raised during the year	**4 560**	2 976
Transferred from long-term provisions (refer note 15)	**23 955**	–
Payments made during the year	**(3 601)**	(2 810)
Balance at end of year	**27 890**	2 976
Leave pay		
Balance at beginning of year	**35 787**	29 939
Provisions raised during the year	**15 039**	5 869
Payments made during the year	**(47)**	(21)
Balance at end of year	**50 779**	35 787
Environmental compliance		
Balance at beginning of year	**45 773**	76 091
Provisions reversed during the year	**(16 949)**	(22 634)
Payments made during the year	**–**	(7 684)
Balance at end of year	**28 824**	45 773
Other		
Balance at beginning of year	**2 240**	2 076
Provisions raised during the year	**2 673**	164
Payments made during the year	**(2 248)**	–
Balance at end of year	**2 665**	2 240
	110 158	86 776

	2011 R'000	2010 R'000
18. Short-term borrowings and overdrafts		
Preference shares		
220 redeemable cumulative variable rate preference shares issued to SBSA on 15 September 2008, which are required to be redeemed annually in tranches of at least R500 million, commencing on the last day of February in 2010. Preference dividends accrued at a rate linked to the prime lending rate applied by SBSA.		
Balance at beginning of year (93 shares (2010: 143 shares))	**930 000**	1 430 000
Shares redeemed during the year (93 shares (2010: 50 shares))	**(930 000)**	(500 000)
Balance at end of year (nil (2010: 93 shares))	**–**	930 000
Current portion of long-term borrowings (refer note 13)	**2 359**	3 612
Overdrafts (unsecured)	**151 788**	98 033
	154 147	1 031 645
Overdrafts and short-term borrowings are repayable on demand and interest rates are linked to the prime overdraft rate.		
19. Revenue		
Revenue comprises:		
Sales of mining and beneficiated products	**10 651 021**	7 085 669
Interest received	**133 373**	190 827
Net commissions on sales and technical fees	**313 369**	229 382
Gross receipts	**626 739**	439 907
Eliminated on proportionate consolidation of Assmang	**(313 370)**	(210 525)
Dividends received from available-for-sale investments	**37 637**	17 770
Sales of by-products	**15 907**	12 821
Other	**28 728**	29 113
	11 180 035	7 565 582
20. Finance costs		
Dividends on preference shares (refer notes 13 and 18)	**56 337**	114 080
Interest on general banking facilities and rehabilitation provisions	**21 453**	9 553
	77 790	123 633

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
21. Profit before taxation and State's share of profits		
Profit before taxation and State's share of profits is stated after taking into account the following items of income and expenditure:		
Income		
Foreign exchange gains	**254 132**	140 513
– realised	**216 093**	89 506
– unrealised	**38 039**	51 007
Profit on disposal of property, plant and equipment	**407**	8 631
Expenditure		
Amortisation of intangible assets (refer note 4)	**180**	180
Auditors' remuneration		
– audit fees	**7 098**	5 443
– other services	**504**	390
Cost of inventories written down (refer note 7)	**91 069**	4 148
Depreciation of mining assets (refer note 2)	**528 707**	491 781
– Mineral and prospecting rights	**24 909**	19 380
– Land, buildings and mining properties	**23 916**	25 480
– Plant and equipment	**294 164**	273 082
– Prospecting, exploration, mine development and decommissioning	**33 725**	30 276
– Vehicles, furniture and office equipment	**148 903**	139 352
– Leased assets capitalised	**3 090**	4 211
Depreciation of other assets (refer note 2)	**17 906**	8 924
– Land and buildings	**–**	387
– Industrial property	**234**	113
– Plant and equipment	**8 725**	3 724
– Vehicles, furniture and office equipment	**8 947**	4 700
Impairment of non-financial assets (refer note 2)	**–**	16 664
Loss on disposal and scrapping of property, plant and equipment	**–**	5 858
Mineral royalty expense	**137 902**	15 211
Foreign exchange losses	**155 901**	19 723
– realised	**148 471**	17 419
– unrealised	**7 430**	2 304
Operating lease expenses	**650**	658
Professional fees	**12 377**	3 393
Provision for impairment of receivables and bad debts written off	**–**	414
Staff costs (refer note 33)		
– salaries and wages (including executive directors' emoluments)	**1 089 400**	848 271
– healthcare costs	**40 438**	28 007
– pension fund contributions	**55 774**	48 074
Transfer secretaries' fees	**382**	210

	2011 R'000	2010 R'000
22. Taxation and State's share of profits		
South African normal taxation		
– current year	**913 192**	329 644
– (over)/under-provisions relating to prior years	**(7 739)**	5 730
State's share of profits	**92 825**	80 442
Deferred taxation		
– temporary differences arising in current year (refer note 14)	**425 965**	348 500
Secondary tax on companies	**131 102**	51 269
Securities transfer taxation	**1 287**	157
Foreign taxation		
– foreign normal tax	**9 892**	7 221
	1 566 524	822 963
The current tax charge is affected by non-taxable investment income, capital redemption allowances and calculated tax losses in certain subsidiary companies and trading losses in other subsidiary companies for which there was no tax relief in the current year.		
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies at year-end	**240 800**	223 804
Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint venture and subsidiary companies	**80 380**	22 365
Reconciliation of tax charge as a percentage of net income before taxation		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
– State's share of profits	**1,93**	3,45
– Secondary tax on companies	**2,72**	2,20
– disallowable expenditure	**0,52**	1,81
– impact of calculated tax losses	**(0,07)**	(0,57)
– foreign tax rate differential	**(0,28)**	(0,27)
– dividend income	**(0,22)**	(0,29)
– other exempt income	**(0,21)**	–
– (over)/under-provisions relating to prior years	**(0,16)**	0,25
– other	**(0,30)**	0,67
Effective tax rate	**32,53**	35,25

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
23. Earnings and headline earnings per share		
Earnings per share (cents) (basic and diluted)	**2 691**	1 236
Headline earnings per share (cents) (basic and diluted)	**2 690**	1 249
The above calculations were determined using the following information:		
Earnings		
Profit attributable to shareholders of the holding company	**3 219 754**	1 479 524
Headline earnings		
Earnings as above	**3 219 754**	1 479 524
Adjusted for:		
Profit (before tax) on disposal of property, plant and equipment	**(407)**	(8 631)
Loss on disposal and scrapping of property, plant and equipment	**–**	5 858
Impairment of non-financial assets	**–**	16 664
Net tax effect of the above items	**–**	790
Headline earnings	**3 219 347**	1 494 205
Weighted number of ordinary shares in issue ('000)		
Ordinary shares in issue	**139 607**	138 435
Treasury shares (refer note 11)	**(19 936)**	(18 755)
Weighted average number of shares in issue for the year	**119 671**	119 680
24. Dividends		
Dividends declared during the year		
Final dividend No 107 of 240 cents (2010: 200 cents) per share – declared on 1 September 2010	**335 057**	275 717
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Less: Dividends attributable to treasury shares	**(87 716)**	(56 309)
	526 555	359 015
Per share (cents)	**440**	300
Dividends relating to the activities of the group for the year under review		
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Final dividend No 109 of 250 cents (2010: 240 cents) per share – declared on 24 August 2011	**349 018**	335 057
Less: Dividends attributable to treasury shares	**(89 710)**	(67 781)
	538 522	406 883
Per share (cents)	**450**	340

	2011 R'000	2010 R'000
25. Notes to the statement of cash flow		
25.1 Cash generated by operations		
Profit before taxation and State's share of profits	**4 816 210**	2 334 460
Adjusted for:	**539 520**	374 242
– Dividends received	**(37 637)**	(17 770)
– Interest received	**(133 373)**	(190 827)
– Profit on disposal of property, plant and equipment	**(407)**	(8 631)
– Net unrealised foreign exchange gains	**(30 609)**	(57 620)
– Amortisation of intangibles	**180**	180
– Cost of inventories written down	**91 069**	4 148
– Depreciation and impairment of property, plant and equipment	**546 613**	517 369
– Finance costs	**77 790**	123 633
– Movement in foreign currency translation reserve	**(7 054)**	7
– Loss on disposal of property, plant and equipment	**–**	5 858
– Movements in long-term provisions	**19 601**	3 674
– Movements in short-term provisions	**5 323**	(13 625)
– Provision for impairment of receivables and bad debts written off	**–**	414
– Other non-cash flow items	**8 024**	7 432
	5 355 730	2 708 702
25.2 Dividend income		
Credited to the income statement	**37 637**	17 770
25.3 Movements in working capital		
(Increase)/decrease in inventories	**(324 669)**	27 885
Increase in trade and other receivables	**(99 363)**	(830 753)
Increase in trade and other payables	**231 647**	357 438
Payments against short-term provisions	**(5 895)**	(10 515)
	(198 279)	(455 945)
25.4 Taxation paid		
Unpaid at beginning of year	**(253 895)**	(429 293)
Charged to the income statement	**(1 566 524)**	(822 963)
Movement in deferred taxation	**425 964**	348 500
Unpaid at end of year	**192 345**	253 895
	(1 202 110)	(649 861)
25.5 Dividends paid		
Unpaid at beginning of year	**(245)**	(95)
Declared during the year	**(614 271)**	(415 324)
Dividends attributable to treasury shares	**87 716**	56 309
Unpaid at end of year	**571**	245
	(526 229)	(358 865)

25.6 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 over time. Bank overdrafts have been separately disclosed in the notes to the financial statements (refer note 18).

Integrated report
Reviews and reports
Financial statements

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

26. 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 directors (boards) of all group companies have overall responsibility for the establishment and oversight of the group's risk management framework. These boards have delegated these responsibilities to Executive Committees, which are responsible for the development and monitoring of risk management policies within the group. These committees meet on an ad hoc basis and regularly report to the respective boards on their activities. 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 and Assmang Audit and Risk committees.

26.1 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. Customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings. However, certain customers who have a well-established credit history are allowed to transact on open accounts.

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.

26. Financial risk management (continued)

26.1 Credit risk (continued)

Credit exposure and concentrations of credit risk

The carrying amount 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 held:

	2011 R'000	2010 R'000
Loans and long-term receivables	**53 051**	31 906
Trade receivables	**1 618 028**	1 460 915
Local	**61 691**	85 128
Foreign	**1 556 337**	1 375 787
Other receivables – local	**14 242**	20 131
Total carrying amount per consolidated statement of financial position (refer note 8)	**1 685 321**	1 512 952
Security held over non-derivative financial assets		
Irrevocable letters of credit – issued by foreign banks	**123 403**	758 341

Aged as follows:

	2011				2010			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying amount R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying amount R'000
Loans and long-term receivables	**53 051**	**–**	**–**	**53 051**	31 906	–	–	31 906
Trade receivables	**1 618 028**	**–**	**–**	**1 618 029**	1 460 915	–	–	1 460 915
Not past due, not impaired	**1 618 028**	**–**	**–**	**1 618 028**	1 459 873	–	–	1 459 873
Past due	**–**	**–**	**–**	**–**	1 042	–	–	1 042
Other receivables	**14 242**	**–**	**–**	**14 242**	20 131	–	–	20 131
Not past due, not impaired	**14 242**	**–**	**–**	**14 242**	20 131	–	–	20 131
As above	**1 685 321**	**–**	**–**	**1 685 321**	1 512 952	–	–	1 512 952

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

26. Financial risk management (continued)

26.2 Liquidity risk

The Executive Committees manage 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 Committees 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 in liquid assets (eg liquid money market accounts) (refer note 25.6).

Undrawn credit facilities

In terms of the Articles of Association of the holding company, the borrowing powers are unlimited. However, based on their respective Articles of Association, restrictions on the following joint venture and subsidiary companies are in place. External borrowings at year-end amounted to R154,1 million (2010: R1 034,4 million).

	2011 R'000	2010 R'000
Assmang Limited		
Authorised in terms of the Articles of Association	**8 753 613**	6 860 259
Less: External borrowings at year-end		
– Overdrafts and short-term borrowings	**(2 359)**	(3 612)
Unutilised borrowing capacity	**8 751 254**	6 856 647
Minerais U.S. LLC		
Authorised in terms of the Articles of Association	**338 813**	382 940
External borrowings at year-end	**(151 788)**	(98 032)
Unutilised borrowing capacity	**187 025**	284 908

The general banking facilities made available to group companies are unsecured, bear interest at rates linked to prime, have no specific maturity date and are subject to annual review by the banks concerned. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

26. Financial risk management (continued)

26.2 Liquidity risk (continued)

Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities 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.

	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
2011						
Financial assets						
Available-for-sale investments	**887 249**	**887 249**	**–**	**–**	**–**	**887 249**
Other investments	**30 789**	**30 789**	**–**	**–**	**30 664**	**125**
Other non-current financial assets	**53 051**	**53 051**	**–**	**–**	**–**	**53 051**
Trade and other receivables	**1 632 270**	**1 632 270**	**1 632 270**	**–**	**–**	**–**
Cash deposits held by environmental trusts	**70 292**	**70 292**	**70 292**	**–**	**–**	**–**
Cash resources	**2 264 442**	**2 264 442**	**2 264 442**	**–**	**–**	**–**
	4 938 093	**4 938 093**	**3 967 004**	**–**	**30 664**	**940 425**
Financial liabilities						
Preference shares issued	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables	**1 238 051**	**1 238 051**	**1 238 051**	**–**	**–**	**–**
Short-term borrowings and overdrafts	**154 147**	**154 147**	**151 788**	**2 359**	**–**	**–**
	1 392 198	**1 392 198**	**1 389 839**	**2 359**	**–**	**–**
2010						
Financial assets						
Available-for-sale investments	602 851	602 851	–	–	–	602 851
Other investments	73 267	73 267	–	–	73 142	125
Other non-current financial assets	31 906	–	–	–	–	31 906
Trade and other receivables	1 481 046	1 481 046	1 481 046	–	–	–
Cash deposits held by environmental trusts	57 927	57 927	57 927	–	–	–
Cash resources	1 849 982	1 849 982	1 849 982	–	–	–
	4 096 979	4 065 073	3 388 955	–	73 142	634 882
Financial liabilities						
Interest-bearing borrowings	6 345	6 345	–	3 612	2 733	–
Trade and other payables	1 006 078	1 006 078	1 006 078	–	–	–
Short-term borrowings and overdrafts	1 028 033	1 028 033	1 028 033	–	–	–
	2 040 456	2 040 456	2 034 111	3 612	2 733	–

26.3 Market risk

Market risk is defined as the risk that movements in market risk 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 interest rate risk on 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 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 Committees 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 Executive Committees to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committees on a weekly basis and forecasts against budget are prepared for the entire group on a monthly basis.

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

26. Financial risk management (continued)
26.3 Market risk (continued)

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. The group's markets are predominantly priced in US dollars and to a lesser extent in euros which exposes the group to the risk that fluctuations in the SA rand exchange rates may have an adverse effect on current or future earnings.

The group manages its commodity price risk where possible by entering into supply contracts with customers covering periods of between three months and a year, depending on the commodity traded. With respect to its exposure to foreign currency fluctuations, the group constantly reviews the extent to which its foreign currency receivables and payables are covered by forward exchange contracts taking into account changes in operational forecasts and market conditions and the group's hedging policy. No speculating in foreign currency is allowed within the group.

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 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 Committees. 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.

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

	2011 R'000	2010 R'000
Variable rate instruments		
Liabilities		
Finance leases (refer note 13)	**2 359**	6 345
Preference shares (included in short-term borrowings; refer note 18)	**–**	930 000
Overdrafts (refer note 18)	**151 788**	98 032
Assets		
Other non-current financial assets	**53 051**	31 906
Cash deposits held by environmental trusts per statement of financial position	**70 292**	57 927
Cash resources	**2 264 442**	1 849 982
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 at the reporting date would have increased profit after tax by the amounts shown below. Net effect on profit or loss is equal but opposite for a 50 basis points increase in interest rates on the financial instruments. This assumes that all other variables remain constant and there is no impact on the group's equity.		
Variable rate instruments	**7 911**	6 663

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

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

	2011		2010	
	US dollar 000	**Euro 000**	US dollar 000	Euro 000
Gross financial position exposure, relating to trade receivables	**18 585**	**907**	16 088	658
Estimated forecast sales	**1 178 442**	**85 817**	408 009	1 021
Net exposure	**1 197 027**	**86 724**	424 097	1 679
A 5% strengthening of the rand against the above currencies at 30 June would have decreased profit by the following amounts upon the revaluation of trade receivables:	**R'000**	**R'000**	R'000	R'000
	6 297	**445**	6 161	377

A 5% weakening of the rand against the above currencies at 30 June would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Forward exchange commitments

At year-end, 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:

	2011			2010		
	Foreign currency nominal amount USD'000	**Legal currency nominal amount R'000**	**Fair value R'000**	Foreign currency notional amount USD'000	Legal currency notional amount R'000	Fair value R'000
Purchase contracts						
US dollar	**12 700**	**86 058**	**86 058**	4 300	32 933	32 933
Sales contracts						
US dollar	**29 100**	**285 762**	**285 762**	25 600	196 065	196 065

Notes to the consolidated financial statements continued
for the year ended 30 June 2011

26. Financial risk management (continued)

26.4 Fair value of financial assets and liabilities

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

	Note	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	Fair value R'000
2011							
Financial assets							
Available-for-sale investments	5	**887 248**	**–**	**–**	**–**	**887 248**	**887 248**
Other investments	5	**–**	**–**	**–**	**30 789**	**30 789**	**30 789**
Other non-current financial assets	6	**–**	**53 051**	**–**	**–**	**53 051**	**53 051**
Trade and other receivables	8	**–**	**1 632 270**	**–**	**–**	**1 632 270**	**1 632 270**
Cash deposits held by environmental trusts		**–**	**70 292**	**–**	**–**	**70 292**	**70 292**
Cash resources	25.6	**–**	**2 264 442**	**–**	**–**	**2 264 442**	**2 264 442**
		887 248	**4 020 055**	**–**	**30 789**	**4 938 092**	**4 938 092**
Financial liabilities							
Interest-bearing borrowings	13	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables	16	**–**	**–**	**1 238 051**	**–**	**1 238 051**	**1 238 051**
Short-term borrowings and overdrafts	18	**–**	**–**	**154 147**	**–**	**154 147**	**154 147**
		–	**–**	**1 392 198**	**–**	**1 392 198**	**1 392 198**
2010							
Financial assets							
Available-for-sale investments	5	602 851	–	–	–	602 851	602 851
Other investments	5	–	–	–	73 267	73 267	73 267
Other non-current financial assets	6	–	31 906	–	–	31 906	31 906
Trade and other receivables	8	–	1 481 046	–	–	1 481 046	1 481 046
Cash deposits held by environmental trusts		–	57 927	–	–	57 927	57 927
Cash resources	25.6	–	1 849 982	–	–	1 849 982	1 849 982
		602 851	3 420 861	–	73 267	4 096 979	4 096 979
Financial liabilities							
Interest-bearing borrowings	13	–	–	2 733	–	2 733	2 733
Trade and other payables	16	–	–	1 006 078	–	1 006 078	1 006 078
Short-term borrowings and overdrafts	18	–	–	1 031 645	–	1 031 645	1 031 645
		–	–	2 040 456	–	2 040 456	2 040 456

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments. Where quoted, market prices were not available, a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using the discounted cash flow method at market-related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

26. Financial risk management (continued)

26.4 Fair value of financial assets and liabilities (continued)

Fair value hierarchy

The group uses the following hierarchy of valuation techniques for determining the fair value of financial instruments measured at fair value:

Level 1: quoted prices in active markets for identical assets or liabilities when available

Level 2: other techniques using inputs that are observable, either directly or indirectly

Level 3: techniques using inputs that are not based on observable market data

	2011 R'000	2010 R'000
Available-for-sale investments as above, measured at Level 1	**887 248**	602 851

27. Capital management

As the bulk of the group's sales are for export, the principal risks to which the group is exposed are movements in exchange rates and US dollar prices for the commodities in which it deals, mainly manganese, iron and chrome ores and to a lesser extent manganese and chrome alloys. All of these markets are priced principally in US dollars and these risks are to a large extent not controllable by the group other than by the use of hedging instruments.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices (refer "Mineral Resources and Reserves"). 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.

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 group considers its capital to comprise total equity. The group may adjust its capital structure by way of issuing new shares and is dependent on its shareholders and its banking facilities for additional capital as required. 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.

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

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
28. Commitments		
Capital		
Expenditure authorised and contracted for	**2 351 593**	2 678 910
Expenditure authorised but not contracted for	**335 220**	334 671
	2 686 813	3 013 581
Commitments will be financed from operating cash flows, undrawn committed borrowing facilities and project funding. The anticipated cash outflows with regard to the above commitments will be incurred in the following financial years:		
2011		1 594 224
2012	**2 597 908**	1 419 357
2013	**88 905**	–
	2 686 813	3 013 581
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment are payable as follows:		
Within one year	**587**	664
After one year but not more than five years	**196**	885
	783	1 549
29. Contingent liabilities		
Holding company		
Holding company guarantees issued to bankers as security for banking facilities provided to subsidiary companies	**338 813**	382 940
Performance guarantees issued to customers by subsidiary companies and joint-venture entity	**36 748**	85 178
	375 661	468 118

Guarantee issued to bankers

The holding company has also issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2010: R180 million). 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.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered into in 2006. If an event of default as defined in the contract is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will become operative.

	2011 R'000	2010 R'000
30. Investment in joint-venture entity		
50% (2010: 50%) interest in Assmang Limited (Assmang), which is controlled jointly in terms of the shareholders' agreement with African Rainbow Minerals Limited (ARM).		
The group financial statements include the following amounts relating to Assmang, which were proportionately consolidated:		
Income statement		
Turnover	**9 537 471**	6 434 857
Cost of sales	**(5 008 510)**	(4 160 472)
Gross profit	**4 528 961**	2 274 385
Other operating income	**280 459**	167 552
Other operating expenses	**(587 089)**	(440 136)
Income from investments	**70 898**	86 249
Finance costs	**(12 729)**	(7 175)
Profit before taxation and State's share of profits	**4 280 500**	2 080 875
Statement of financial position		
Property, plant, equipment and intangibles	**7 570 914**	6 035 177
Other investments	**–**	45 107
Other non-current financial assets	**53 051**	31 906
Current assets	**4 713 372**	3 828 680
Elimination of investment in joint-venture entity	**(468 153)**	(468 153)
Current liabilities – interest-bearing	**2 359**	3 612
– non-interest-bearing	**1 146 466**	1 048 138
Long-term borrowings – interest-bearing	**–**	2 733
Deferred taxation	**2 060 661**	1 648 598
Long-term provisions	**203 884**	194 534
Distributable reserves	**8 455 815**	6 575 100
Cash flows		
Cash retained from operating activities	**2 413 202**	763 043
Cash utilised in investing activities	**(1 822 294)**	(1 443 045)
Cash/(utilised in) generated by financing activities	**(3 301)**	1 444
Cash resources	**1 531 539**	943 933
Commitments		
Future capital expenditure:		
– contracted for	**2 351 593**	2 602 186
– not contracted for	**335 220**	334 671
	2 686 813	2 936 857

Contingent liabilities

Contingent liabilities relating to the group's interest in the joint venture are referred to in note 29.

31. 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 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 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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

31. Segmental information (continued)

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 by Wonderstone Limited.

	Joint-venture mining and beneficiation							
	Iron ore division R'000	Manganese division R'000	Chrome division R'000	Sub-total R'000	Marketing and shipping R'000	Other mining and beneficiation R'000	Adjustments arising on consolidation* R'000	Total R'000
Year to 30 June 2011								
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**	**408 983**	**(70 043)**	**(2 905 992)**	**3 219 755**
Contribution to headline earnings	**4 653 991**	**1 377 174**	**(233 844)**	**5 797 321**	**418 610**	**(85 333)**	**(2 911 249)**	**3 219 349**
Statement of financial position								
Consolidated total assets	**15 081 498**	**7 862 944**	**1 586 128**	**24 530 570**	**5 825 316**	**9 816 581**	**(25 140 513)**	**15 031 954**
Other information								
Finance income	**12 448**	**128 537**	**811**	**141 796**	**61 035**	**1 441**	**(70 898)**	**133 374**
Finance costs	**11 059**	**9 808**	**4 591**	**25 458**	**63 830**	**1 231**	**(12 729)**	**77 790**
Depreciation, amortisation and impairment charges	**592 661**	**287 119**	**147 806**	**1 027 586**	**18 059**	**24 406**	**(523 257)**	**546 793**
Taxation	**1 831 460**	**1 027 302**	**(84 573)**	**2 774 189**	**171 574**	**15 111**	**(1 394 350)**	**1 566 524**
Capital expenditure	**3 225 200**	**656 049**	**216 183**	**4 097 432**	**32 637**	**110 228**	**(2 048 716)**	**2 191 581**
Year to 30 June 2010								
Revenues								
Third party	5 002 654	6 253 174	1 789 643	13 045 471	642 336	189 986	(6 312 211)	7 565 582
Inter-segment	–	–	–	–	422 223	2 240	(424 463)	–
Total revenues	5 002 654	6 253 174	1 789 643	13 045 471	1 064 559	192 226	(6 736 674)	7 565 582
Contribution to profit	1 436 649	1 480 222	(184 650)	2 732 221	163 318	(37 431)	(1 378 584)	1 479 524
Contribution to headline earnings	1 435 759	1 477 505	(184 649)	2 728 615	162 596	(20 225)	(1 376 781)	1 494 205
Statement of financial position								
Consolidated total assets	8 729 631	8 921 510	1 920 523	19 571 664	5 623 226	5 245 084	(18 089 975)	12 349 999
Other information								
Finance income	8 425	163 057	1 016	172 498	100 863	3 715	(86 249)	190 827
Finance costs	461	7 782	6 107	14 350	107 567	8 891	(7 175)	123 633
Depreciation and amortisation	544 301	250 073	142 071	936 445	2 876	28 946	(450 898)	517 369
Taxation	575 229	914 259	(59 962)	1 429 526	106 316	1 884	(714 763)	822 963
Capital expenditure	2 304 067	743 498	288 571	3 336 136	33 596	59 425	(1 668 068)	1 761 089

** Adjustments arising on consolidation mainly represent the 50% share in Assmang attributable to the other joint-venture party.*

31. Segmental information (continued)

Geographical information

Geographical segment by location of customers

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

	Group revenue by segment 2011 R'000	Group revenue by segment 2010 R'000
Customers by locations		
Far East	**14 261 503**	8 147 495
Europe	**2 097 817**	2 649 638
USA	**2 068 761**	1 169 836
South Africa	**2 284 831**	903 112
Other – foreign	**140 163**	1 322 247
Sub-total[1]	**20 853 075**	14 192 328
Eliminated on proportionate consolidation[2]	**(9 673 040)**	(6 535 796)
	11 180 035	7 656 532

Note:
There are no individual customers from whom 10% or more of revenue has been realised.

[1] Included in the sub-total of revenue for 2010, is revenue from one customer amounting to R2 304 million.

[2] The revenue is reflected at 100%, with 50% eliminated upon its proportionate consolidation (refer note 30).

Segmental analysis has not been provided with regard to capital expenditure as 99,99% of the group's property, plant and equipment is located in the Republic of South Africa.

32. Related-party transactions

Transactions with related parties are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.

The following significant related party transactions occurred during the year:

	2011 R'000	2010 R'000
Joint venture partner		
African Rainbow Minerals Limited		
– commissions paid by subsidiary company	**85 568**	73 139
Joint venture company		
Assmang Limited (refer note 30)		
– gross commissions received	**313 370**	439 907
– amounts payable to related parties at year-end	**87 029**	61 088
– amounts receivable from related parties at year-end	**23 391**	42 347
Refer note 30 for details of the joint-venture entity		
Subsidiary companies		
Remuneration of key management personnel of the group	**128 731**	107 147
Foreign subsidiary		
Minerais U.S. LLC		
– commissions received	**20 831**	17 683
– amounts receivable from related parties at year-end	**33 679**	46 359

The group holds a 51% share in Minerais U.S. LLC (Minerais) which is a limited liability company registered in the state of New Jersey in the United States of America (USA). Minerais is responsible for marketing and sales administration of the group's products in the USA, and trades in various commodities related to the steelmaking industry.

Refer note 29 for details of security and guarantees provided on behalf of related parties.

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

33. Retirement benefit information

33.1 Pensions

Defined benefit – Assore Pension Fund

In terms of the Pensions Fund Act, the Assore Pension Fund is actuarially valued every three years. The most recently completed statutory actuarial valuation of the fund was performed as at 1 July 2008 and revealed a 100,3% funding level. An interim funding check was performed for funding purposes as at 30 June 2011 which revealed a 91,4% funding level (2010: 93,9%). The financial positions at the year-end dates are set out below:

	2011 R'000	2010 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	**268 974**	249 886
Current service cost	**15 626**	13 643
Interest cost	**25 625**	23 239
Actuarial (gain)/loss – experience	**(5 804)**	2 432
Actuarial loss/(gain) – assumptions	**25 795**	(10 042)
Benefits paid	**(59 720)**	(10 184)
Benefit obligation at end of year	**270 496**	268 974
Change in plan assets		
Fair value of plan assets at beginning of year	**252 697**	222 851
Expected return on plan assets	**24 006**	20 430
Actuarial (loss)/gain on plan assets – experience and assumptions	**9 738**	5 104
Employer contribution	**15 186**	9 664
Employees' contributions	**5 415**	4 832
Benefits paid	**(59 720)**	(10 184)
Fair value of plan assets at end of year	**247 322**	252 697
Net unfunded position	**(23 174)**	(16 277)
Unrecognised actuarial losses	**23 174**	24 447
Net pension fund asset (2010: no asset recognised)	**–**	8 170
Components of periodic expense		
Current service cost	**15 626**	13 643
Interest cost	**25 625**	23 239
Expected return on plan assets	**(24 006)**	(20 430)
Amortisation of actuarial loss	**11 526**	653
Net pension cost	**28 771**	17 105

33. Retirement benefit information (continued)

33.1 Pensions (continued)

Defined benefit – Assore Pension Fund (continued)

The allocation of plan assets is as follows:

	2011 %	2010 %
Equity securities	**68**	63
Debt securities	**27**	32
Other (cash in current accounts as awaiting investment)	**5**	5
Total	**100**	100
The principal actuarial assumption for the valuations include:		
Expected return on assets	**9,10**	9,50
Post-retirement interest rate	**4,20**	4,60
Price inflation rate	**6,51**	6,50
Salary inflation rate	**7,50**	7,50
Pension increases	**4,88**	4,85
	R'000	R'000
Expected benefit payment next year	**11 000**	13 000
Experience adjustments – losses on plan assets and liabilities	**5 804**	25 804
Actual return/(deficit) on assets	**33 744**	(2 432)

Other assumptions

Active mortality – Nil.

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

Merit salary increases as 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.

Defined contribution funds – subsidiary companies

Certain employees are members of a defined contribution fund, and funds are contributed on an agreed basis between the employer and employees at a rate of 15% of payroll. Contributions expensed in the year amounted to R1,6 million (2010: R1,4 million).

Assmang pension and provident funds

Assmang has made provision for pension plans covering all employees which comprise a defined contribution pension fund and two defined contribution provident funds administered by employee organisations within the industries in which members are employed.

Contributions to the funds are 15,0% of payroll, split on an agreed basis between members and the employer. The amount expensed in this regard in the current year was R44,2 million (2010: R34,8 million).

Notes to the consolidated financial statements continued

for the year ended 30 June 2011

33. Retirement benefit information (continued)

33.2 Medical aid

Subsidiary companies

Subsidiary companies within the group had obligations to fund the medical aid costs of certain employees and pensioners. Agreement has been reached with the pensioners and applicable members of staff in terms of which these obligations have been converted to either purchased annuities or a series of lump sum payments into the defined benefit pension fund on their behalf. The payments or premiums concerned were calculated by an independent actuary and have resulted in the liabilities arising from these obligations being settled.

Medical aid contributions paid on behalf of current members of staff and pensioners by group companies amounted to R3,9 million (2010: R3,8 million).

Joint-venture entity

The joint-venture entity, Assmang, has obligations to fund a portion of certain retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been recognised in the statement of financial position.

The following table summarises the components of the net increase/(decrease) in provision recognised in the income statement of the joint-venture entity:

	2011 R'000	2010 R'000
Current service cost	**543**	498
Interest cost on benefit obligation	**2 125**	1 886
Benefits	**(769)**	(709)
Net actuarial loss/(gain) recognised during the year	**605**	(1 776)
Net increase/(decrease) in provision for the year	**2 504**	(101)

The liability is assessed periodically by an independent actuarial survey based on the following principal actuarial assumptions:
– a net discount rate of 1,00% per annum;
– an increase in healthcare costs at a rate of 9,11% per annum;
– assumed rate of return on assets at 10,2% per annum.

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full, based on an actuarial valuation at 30 June 2011.

The provisions raised in respect of post-retirement healthcare benefits amounted to R23,7 million (2010: R21,2 million) at the end of the year. As shown above, an amount of R2,5 million was charged to the income statement in the current year (2010: R0,1 million credited to income), as a result of the increase in the obligation.

Medical aid contributions paid on behalf of current members of staff and pensioners by the joint-venture entity during the year amounted to R63,2 million (2010: R48,5 million).

Company financial statements

Company statement of financial position	**134**
Company income statement	**135**
Company statement of comprehensive income	**135**
Company statement of cash flow	**136**
Company statement of changes in equity	**137**
Notes to the company financial statements	**138**

Company statement of financial position

as at 30 June 2011

	Note	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**1 971 999**	1 982 799
Available-for-sale investments	2	**887 374**	602 976
Loans to group companies	1	**635 938**	635 932
		3 495 311	3 221 707
Current assets			
Other receivables		**17 481**	2 883
Cash resources		**20 196**	495 493
		37 677	498 376
Total assets		**3 532 988**	3 720 083
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	**698**	698
Share premium	4	**264 092**	264 092
Retained earnings		**2 063 731**	1 582 091
Other reserves	5	**455 011**	246 603
Total equity		**2 783 532**	2 093 484
Non-current liabilities			
Loans from group companies	1	**628 039**	628 039
Deferred taxation	6	**73 821**	39 893
		701 860	667 932
Current liabilities			
Other payables		**31 434**	17 784
Taxation		**1 564**	7 361
Amounts due to group companies		**14 598**	3 522
Short-term borrowings	7	**–**	930 000
		47 596	958 666
Total equity and liabilities		**3 532 988**	3 720 083

Company income statement
for the year ended 30 June 2011

	Note	**2011 R'000**	2010 R'000
Revenue	8	**1 156 285**	584 614
Income from investments		**1 156 285**	584 614
Discount on redemption of preference shares		**22 945**	–
Preference share redemption fee		**12 500**	
Administrative expenses		**(4 788)**	(11 334)
Reversal of impairment of loan made to wholly owned subsidiary		**–**	539 718
Finance costs		**(56 337)**	(106 201)
Profit before taxation	9	**1 130 605**	1 006 797
Taxation	10	**34 694**	24 010
Profit for the year		**1 095 911**	982 787
Dividends declared per share (cents)	11	**340**	300

Company statement of comprehensive income
for the year ended 30 June 2011

	2011 R'000	2010 R'000
Profit for the year (as above)	**1 095 911**	982 787
Other comprehensive income/(loss) for the year, net of tax	**208 409**	143 702
Net gain/(loss) on revaluation of available-for-sale investments to market value	**242 336**	167 095
Deferred capital gains tax	**(33 927)**	(23 393)
Total comprehensive income for the year, net of tax	**1 304 320**	1 126 489

Company statement of cash flow

for the year ended 30 June 2011

	Note	2011 R'000	2010 R'000
Cash retained from operating activities		**473 717**	13 767
Cash generated by operating activities		**1 157 055**	490 048
Cash generated by/(utilised in) operations	12.1	**18 157**	(11 235)
Investment income	12.2	**1 128 849**	517 919
Movements in working capital	12.3	**10 049**	(16 636)
Interest income		**27 436**	66 695
Finance costs		**(56 337)**	(106 201)
Taxation paid	12.4	**(40 491)**	(21 601)
Dividends paid	12.5	**(613 945)**	(415 174)
Cash utilised in investing activities		**(42 062)**	(1 507 896)
Investment in group companies		**–**	(1 512 206)
Redemption of shares by group companies		**–**	25 000
Acquisition of available-for-sale investments		**(42 062)**	(20 690)
Cash (utilised in)/generated by financing activities		**(906 953)**	1 056 895
Shares issued during the year		**–**	233 743
Short-term finance repaid		**(906 946)**	(500 000)
Movement in group company balances		**(7)**	1 323 152
Cash resources			
– decrease for the year		**(475 297)**	(437 234)
– at beginning of year		**495 493**	932 727
– at end of year		**20 196**	495 493

Company statement of changes in equity

for the year ended 30 June 2011

	2011 R'000	2010 R'000
Share capital		
Balance at beginning of year	**698**	689
Ordinary shares issued	**–**	9
Balance at end of year	**698**	698
Share premium		
Balance at beginning of year	**264 092**	30 358
Arising on issue of ordinary shares	**–**	233 734
Balance at end of year	**264 092**	264 092
Other reserves		
Balance at beginning of year	**246 603**	102 901
Other comprehensive income – after tax gain on revaluation of available-for-sale investment	**208 408**	143 702
Balance at end of year	**455 011**	246 603
Retained earnings		
Balance at beginning of year	**1 582 091**	1 014 529
Profit for the year	**1 095 911**	982 886
Ordinary dividends declared during the year		
Final dividend No 107 of 240 cents (2010: 200 cents) per share – declared on 1 September 2010	**(335 057)**	(275 717)
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**(279 214)**	(139 607)
Balance at end of year	**2 063 731**	1 582 091
Share capital and reserves at year-end per statement of financial position	**2 783 532**	2 093 484

Notes to the company financial statements

for the year ended 30 June 2011

	2011 R'000	2010 R'000
1. Investment in group companies		
Joint-venture entity (refer below)	**468 153**	468 153
Subsidiary companies (refer below)	**1 503 846**	1 514 646
	1 971 999	1 982 799
Investment in joint-venture entity		
Assmang Limited		
1 774 103 (2010:1 774 103) ordinary shares at cost	**468 153**	468 153
Directors' valuation	**30 650 717**	19 265 766
Investment in subsidiary companies (refer note 13)		
Shares at cost	**1 503 846**	1 514 646
Amounts due by/(to) subsidiary companies		
Loan accounts receivable	**635 938**	594 330
Loan accounts payable	**(628 039)**	(628 039)
Current accounts (payable)/receivable	**(14 598)**	38 080
Per note 13	**(6 699)**	4 371
2. Available-for-sale investments		
Listed – at market value		
Balance at beginning of year	**602 851**	415 066
Purchases at cost	**42 062**	20 690
Fair value adjustment for the year	**242 336**	167 095
Balance at end of year	**887 249**	602 851
Unlisted – at cost and directors' valuation	**125**	125
Per statement of financial position	**887 374**	602 976
Listed – at cost	**358 417**	316 355
Fair value adjustment transferred to other reserves (refer note 5)	**528 832**	286 496
As above	**887 249**	602 851
3. Share capital		
Authorised		
200 000 000 (2010: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
Issued		
At beginning of year (139 607 000 (2010: 137 858 260)) ordinary shares of 0,5 cents each	**698**	689
Shares issued during the prior year (1 748 735 ordinary shares of 0,5 cents each) in terms of the authority granted at a general meeting held on 19 January 2010	**–**	9
At end of year (139 607 000 (2010: 139 607 000) ordinary shares of 0,5 cents each)	**698**	698
4. Share premium		
Balance at beginning and end of year	**264 092**	30 358
Arising on shares issued during the year (refer note 3)	**–**	233 734
Balance at end of year	**264 092**	264 092

		2011 R'000	2010 R'000
5.	**Other reserves**		
	Surplus on the revaluation to fair value of available-for-sale investments (refer note 2)	**528 832**	286 496
	Less: Deferred capital gains taxation	**(73 821)**	(39 893)
		455 011	246 603
6.	**Deferred taxation**		
	Balance at beginning of year	**39 893**	16 500
	Arising on the revaluation of available-for-sale investments at year-end (refer note 5)	**33 928**	23 393
	Balance at end of year	**73 821**	39 893
7.	**Short-term borrowings**		
	220 redeemable cumulative variable rate preference shares issued to SBSA on 15 September 2008, which are required to be redeemed annually in tranches of at least R500 million, commencing on the last day of February in 2010. Preference dividends accrued at a rate linked to the prime lending rate applied by SBSA.		
	Balance at beginning of year (93 shares (2010: 143 shares))	**930 000**	1 430 000
	Shares redeemed during the year (93 shares (2010: 50 shares))	**(930 000)**	(500 000)
	Balance at end of year (nil (2010: 93 shares))	**–**	930 000
8.	**Revenue**		
	Revenue comprises:		
	Dividends received	**1 128 849**	517 919
	Interest received	**27 436**	66 695
		1 156 285	584 614
9.	**Profit before taxation**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Dividends received:	**1 128 849**	517 919
	– Joint-venture entity	**1 000 000**	500 149
	– Preference dividend received from subsidiary company	**92 644**	–
	– Available-for-sale investments	**36 205**	17 770
	Interest received	**27 436**	66 695
	Preference dividend accrual adjustment	**–**	2 955
	Expenditure		
	Auditors' remuneration – fees	**101**	101
	Directors' remuneration – paid by subsidiary	**76 369**	54 785
	– fees	**1 134**	1 059
	– other services	**75 235**	53 726

Notes to the company financial statements continued

for the year ended 30 June 2011

	2011 R'000	2010 R'000
10. Taxation		
South African normal tax		
– current year	**11 147**	18 970
– Secondary tax on companies	**30 727**	–
– Securities transfer taxation	**1 220**	–
– (over)/under provisions relating to prior years	**(8 400)**	5 040
	34 694	24 010
Reconciliation of tax rate (%)		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
– dividend income	**(27,96)**	(14,29)
– exempt income	**(1,56)**	(11,63)
– prior year adjustment	**(0,7)**	–
– disallowable expenditure	**1,02**	–
– Secondary tax on companies	**2,7**	–
– Securities transfer taxation	**0,1**	–
– other	**1,47**	0,30
Effective tax rate	**3,07**	2,38
11. Dividends		
Dividends declared during the year		
Final dividend No 107 of 240 cents (2010: 200 cents) per share – declared on 1 September 2010	**335 057**	275 717
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
	614 271	415 324
Per share (cents)	**340**	300
Dividends relating to the activities of the group for the year under review		
Interim dividend No 108 of 200 cents (2010: 100 cents) per share – declared on 16 February 2011	**279 214**	139 607
Final dividend No 109 of 250 cents (2010: 240 cents) per share – declared on 24 August 2011	**349 018**	335 057
	628 232	474 664
Per share (cents)	**450**	340

	2011 R'000	2010 R'000
12. Notes to the statement of cash flow		
12.1 Cash generated by/(utilised in) operations		
Profit before taxation	**1 130 605**	1 006 797
Adjusted for:		
	(1 112 448)	(1 018 131)
– Dividends received	**(1 128 849)**	(517 919)
– Interest received	**(27 436)**	(66 695)
– Discount on redemption of preference shares	**(12 500)**	–
– Impairment of loan made to wholly owned subsidiary	**–**	(539 718)
– Finance costs	**56 337**	106 201
	18 157	(11 235)
12.2 Investment income		
Received during the year	**1 128 849**	517 919
12.3 Movements in working capital		
Increase in other receivables	**(14 598)**	(2 750)
Increase in amounts owing by group companies	**11 076**	3 333
Increase/(decrease) in other payables	**13 571**	(17 219)
	10 049	(16 636)
12.4 Taxation paid		
Unpaid at beginning of year	**(7 361)**	(4 952)
Charged to the income statement	**(34 694)**	(24 010)
Unpaid at end of year	**1 564**	7 361
	(40 491)	(21 601)
12.5 Dividends paid		
Unpaid at beginning of year	**(245)**	(95)
Declared during the year	**(614 271)**	(415 324)
Unpaid at end of year	**571**	245
	(613 945)	(415 174)

Notes to the company financial statements continued

for the year ended 30 June 2011

13. Interest of the company in its subsidiary companies

	Issued share capital 2011/2010 R	Direct interest in share capital 2011/2010 %	Shares at cost 2011 R'000	Shares at cost 2010 R'000	Amounts due by/(to) subsidiary companies 2011 R'000	Amounts due by/(to) subsidiary companies 2010 R'000
Incorporated in South Africa						
Ordinary shares						
African Mining and Trust Company Limited	1 000 000	100	**1 200**	1 200	**(14 598)**	38 080
Ceramox (Proprietary) Limited	100	100	**1 124**	1 124	**–**	–
Erven 40 and 41 Illovo (Proprietary) Limited	100	100	**–**	–	**–**	–
Erven 27 and 28 Illovo (Proprietary) Limited	100	100	**–**	–	**–**	–
Erf 1263 Parkview Extension 1 (Proprietary) Limited	1	100	**–**	–	**–**	–
General Nominees (Proprietary) Limited^	4	100	**–**	–	**–**	–
Main Street 460 (Proprietary) Limited*	–	100	**–**	–	**–**	–
Ore & Metal Company Limited	100 000	100	**105**	105	**(628 039)**	(628 039)
Rustenburg Minerals Development Company (Proprietary) Limited*	232 143	–	**232 143**	232 143	**–**	–
Wonderstone Limited	10 000	100	**10**	10	**–**	–
Wonderstone 1937 Limited^*	45 940	–	**35**	35	**–**	–
Xertech (Proprietary) Limited	100	100	**–**	–	**–**	–
Zeerust Chrome Mines Limited	1 300 000	100	**1 114**	1 114	**–**	–
Preference shares						
Main Street 350 (Proprietary) Limited	99#	100#	**1 501 406**	1 512 206	**635 938**	594 330
Incorporated in Namibia						
Krantzberg Mines Limited^	500 000	100	**–**	–	**–**	–
Incorporated in Mozambique						
Amhold Limitada^	2	100	**–**	–	**–**	–
Incorporated in the United States of America						
Minerais U.S. LLC*	17 756 100	51	**11 418**	11 418	**–**	–
			1 748 655	1 759 455	**(6 699)**	4 371
Less – held indirectly			**(243 696)**	(243 696)		
– provided against			**(1 113)**	(1 113)	**–**	–
Per note 1			**1 503 846**	1 514 646	**(6 699)**	4 371

^ Dormant companies.
** Held indirectly.*
 # Less than R1 000.

14. 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, which meets at least four times per year, has overall responsibility for the establishment and oversight of the company's risk management framework and is responsible for the development and monitoring of risk management policies within the company. The company's risk management policies are established to identify and analyse 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 company's management:

– approval of all counterparties;

– approval of new instruments;

– approval of the company'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.

14.1 Credit risk

Credit exposure and concentrations of credit risk

The carrying amount 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 held:

	2011 R'000	2010 R'000
Other receivables – local	**17 481**	2 883

Aged as follows:

	2011				2010			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying value R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Not past due, not impaired	**17 481**	**–**	**–**	**17 481**	2 883	–	–	2 883

Security held over non-derivative financial assets

Other receivables are unsecured and 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.

Notes to the company financial statements continued

for the year ended 30 June 2011

14. Financial risk management (continued)

14.2 Liquidity risk

The board 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 on call.

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

Exposure to liquidity risk

The following are the cash flows of the company's financial assets and liabilities 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.

	Carrying amount 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
2011					
Financial assets					
Investment in group companies	**1 971 999**	–	–	–	**1 971 999**
Available-for-sale investments	**887 374**	–	–	–	**887 374**
Loans to group companies	**635 938**	–	–	–	**635 938**
Other receivables	**17 481**	**17 481**	–	–	–
Cash resources	**20 196**	**20 196**	–	–	–
	3 532 988	**37 677**	–	–	**3 495 311**
Financial liabilities					
Loans from group companies	**628 039**	–	–	**628 039**	–
Other payables	**31 434**	**31 434**	–	–	–
Amounts due to group companies	**14 598**	**14 598**	–	–	–
Short-term borrowings	–	–	–	–	–
	674 071	**46 032**	–	**628 039**	–
2010					
Financial assets					
Investment in group companies	1 982 799	–	–	–	1 982 799
Available-for-sale investments	602 976	–	–	–	602 976
Loans to group companies	635 932	–	–	–	635 932
Other receivables	2 883	2 883	–	–	–
Cash resources	495 493	495 493	–	–	–
	3 720 083	498 376	–	–	3 221 707
Financial liabilities					
Loans from group companies	628 039	–	–	628 039	–
Other payables	17 784	17 784	–	–	–
Amounts due to group companies	3 522	3 522	–	–	–
Short-term borrowings	930 000	930 000	–	–	–
	1 579 345	951 306	–	628 039	–

14. Financial risk management (continued)

14.3 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 board 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 company's management 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:

	2011 R'000	2010 R'000
Variable rate instruments		
Liabilities		
Short-term borrowings	**–**	930 000
Assets		
Cash and cash equivalents	**20 196**	495 493
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 decreased profit after tax by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the company's equity.		
Variable rate instruments	**73**	1 890

Net effect on profit or loss is equal but opposite for a 50 basis points increase on the financial instruments listed above.

Notes to the company financial statements continued

for the year ended 30 June 2011

14. Financial risk management (continued)

14.4 Fair value of financial assets and liabilities

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

	Note	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	Fair value R'000
2011							
Financial assets							
Investment in group companies	1	–			1 971 999	1 971 999	1 971 999
Available-for-sale investments	2	887 249			125	887 374	887 374
Loans to group companies		–	635 938			635 938	635 938
Other receivables		–	17 481			17 481	17 481
Cash resources		–	20 196			20 196	20 196
		887 249	673 615	–	1 972 124	3 532 988	3 532 988
Financial liabilities							
Loans from group companies			–	628 039		628 039	628 039
Other payables			–	31 434		31 434	31 434
Amounts due to group companies			–	14 598		14 598	14 598
Short-term borrowings	7		–	–		–	–
		–	–	674 071		674 071	674 071
2010							
Financial assets							
Investment in group companies	1	–		–	1 982 799	1 982 799	1 982 799
Available-for-sale investments	2	602 851		–	125	602 976	602 976
Loans to group companies			635 932	–		635 932	635 932
Other receivables			2 883	–		2 883	2 883
Cash resources			495 493	–		495 493	495 493
		602 851	1 134 308	–	1 982 924	3 720 083	3 720 083
Financial liabilities							
Loans from group companies			–	628 039		628 039	628 039
Other payables			–	17 784		17 784	17 784
Amounts due to group companies			–	3 522		3 522	3 522
Short-term borrowings			–	930 000		930 000	930 000
			–	1 579 345		1 579 345	1 579 345

14. Financial risk management (continued)

14.4 Fair value of financial assets and liabilities (continued)

Determination of fair values

Quoted market prices at reporting date 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 the 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 active markets for identical assets or liabilities when available

Level 2: other techniques using inputs that are observable, either directly or indirectly

Level 3: techniques using inputs that are not based on observable market data

	2011 R'000	2010 R'000
Available-for-sale investments as above measured at Level 1	**887 374**	602 851

15. Capital management

The company holds interests in companies that own mineral rights over resources with remaining lines 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.

16. Contingent liabilities

	2011 R'000	2010 R'000
Guarantees		
Guarantees issued to bankers as security for facilities provided to subsidiary companies	**338 813**	382 940

Joint-venture entity

The company has issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2009: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the company 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.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered into in 2006. If an event of default as defined in the contract is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply.

Corporate information

Executive directors
Desmond Sacco (Chairman)#
CJ Cory (Chief Executive Officer)
PC Crous (Group Technical Director)

Non-executive directors
EM Southey (Deputy Chairman and lead independent director)#†*
RJ Carpenter
ZP Manase†
DMJ Ncube†
WF Urmson#†*
Dr JC van der Horst#†*

Alternate directors
PE Sacco (Alternate to Desmond Sacco)
AD Stalker (Alternate to CJ Cory)
BH van Aswegen (Alternate to PC Crous)

Member of the Remuneration Committee
† Independent
* 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

www.assore.com

Transfer secretaries and share transfer office
Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001

Auditors
Ernst & Young Inc.
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg, 2196

Attorneys
Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
Norton Rose South Africa
15 Alice Lane
Sandton, 2196

Bankers
The Standard Bank of South Africa Limited
88 Commissioner Street
Johannesburg, 2001

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