ANNUAL REPORT 2005

ASSORE

CONTENTS

GROUP PROFILE

Assore Limited (Assore) is a mining holding company engaged principally in ventures involving base minerals and metals. The group's principal investment is a 45,66% interest in Assmang Limited (Assmang) which is also listed on the JSE Limited (JSE) and which it controls jointly with African Rainbow Minerals Limited (ARM) in terms of a long standing arrangement. The group, through its various joint venture entities and subsidiary companies, is involved in the mining of manganese, iron and chrome ores together with other industrial minerals and the manufacture of manganese and chrome alloys. Assore is also responsible for marketing all products produced, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. The company was incorporated in 1950 and its shares are listed on the JSE under "ASSORE" in the Other Mineral Extractors & Mines sector.

ASSORE

CORPORATE INFORMATION

Executive directors

Desmond Sacco (Chairman)#
R J Carpenter (Deputy Chairman)
C J Cory (Chief Executive Officer)*
P C Crous (Technical and operations)

Non-executive directors

P N Boynton*
B M Hawksworth†#*
Dr J C van der Horst†#*

Alternate director

J W Lewis (British)

†Independent
#Member of the Remuneration Committee
**Member of the Audit 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
e-mail: info@assore.com

Transfer secretaries and share transfer office

Computershare Investor Services 2004
(Proprietary) Limited
70 Marshall Street
Johannesburg 2001

Attorneys

Deneys Reitz
82 Maude Street
Sandton 2196

Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard
Johannesburg 2196

Auditors

Ernst & Young
Wanderers Office Park
52 Corlet Drive
Illovo
Johannesburg 2196

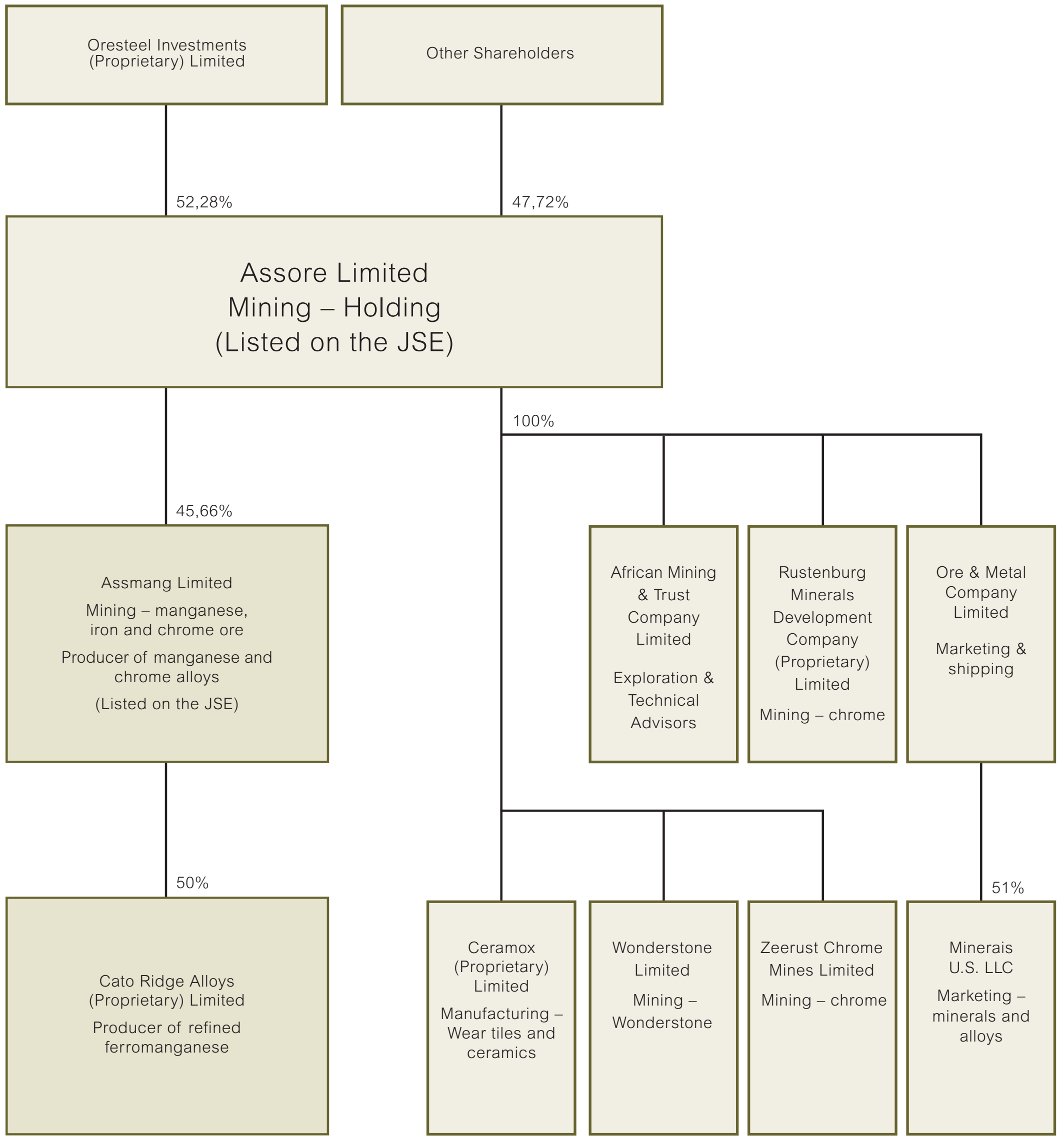
Bankers

The Standard Bank of South Africa Limited
88 Commissioner Street
Johannesburg 2000

Corporate information

Company registration number: 1950/037394/06
Incorporated in South Africa

GROUP STRUCTURE OF OPERATING COMPANIES



EXECUTIVE DIRECTORS

BACK: Phil Crous, Chris Cory

FRONT: Bob Carpenter, Desmond Sacco

DIRECTORS' PROFILES

Desmond Sacco

Chairman

BSc (Hons) (Geology) (Wits) (Unisa)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore Board in 1974 and, on retirement of his father in 1992, he was appointed Chairman and Managing Director of the Assore group. In that year, he was also appointed Deputy Chairman of Assmang Limited and in 1999, he became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

R J Carpenter

Deputy Chairman

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for products produced by the Assmang and Assore groups. He was appointed to the Assore Board in 1987, to the Assmang Board in 1989 and was made Deputy Chairman of Assore in 1993.

C J Cory

Chief Executive Officer

BA, CA(SA), MBA (Wits)

Chris completed articles with Alex. Aiken & Carter (now KPMG) and qualified as a Chartered Accountant in 1982. In 1989 he joined the Assore group as Group Accountant. In 1992 he was appointed Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang Board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

P C Crous

Group Technical Director

BSc (Eng), BComm, MBA

Phil trained as a mining engineer obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 he took up a position with Assmang where he advanced to Mine Manager. In 1982 he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988 he joined manufacturing company Sandock-Austral as Managing Director. In 1991 he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang Board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

B M Hawksworth

Independent non-executive director

CA(SA), CFA

Brian qualified as a Chartered Accountant in Durban after attending the University of Natal. In 1964 he joined a predecessor firm of Ernst & Young in Pietermaritzburg and relocated to Johannesburg in 1973 where he held the positions of National Education, National Staff and National Development Partner in successive periods beginning in 1975. Since withdrawing as a partner of Ernst & Young, a position held for over 30 years, he holds non-executive directorships in various companies which operate mainly in the financial, mining and entertainment and leisure sectors and is a non-executive director of the Financial Services Board (the FSB).

He was appointed to the Assore Board as an independent non-executive director in 1996 and currently chairs the Assore Audit and Remuneration Committees.

He is a Life Member of the Institute of Commercial and Financial Accountants of Southern Africa. He is a member of the South African Institute of Chartered Accountants (SAICA) and was a past member of its Council and Executive Committee. He is also a fellow of the Institute of Directors (IOD) which he chaired in the early 1990s.

Dr J C van der Horst

Independent non-executive director

BA, LL D

Johannes studied at the Universities of Stellenbosch and Hamburg (Germany) and the Harvard Business School. He held various positions in Old Mutual from 1971 to 2002 where he was General Manager (Investments) from 1985 to 1997.

In September 1997, he was appointed to head up Old Mutual's demutualisation project which culminated in the listing of Old Mutual on the London Stock Exchange and the JSE Securities Exchange in July 1999.

Over the past 20 years, he has served on the boards of various companies listed on the JSE Limited. He served on the Assore Board between 1989 and 1997, and again since January 2003 when he was appointed as an independent non-executive director and serves on the group's Audit Committee.

P N Boynton

Non-executive director

BSc (Hons), BComm, CA(SA), ACMA, MBA

Paul joined Old Mutual's investment team in 1995, having previously worked as an Investment Banker in Johannesburg for seven years and before that for Deloittes for three years. He is currently joint head of Alternative Asset Management and an executive director of Old Mutual Asset Managers.

He joined the Assore Board as a non-executive director in July 2004 and serves on the group's Audit Committee.

REVIEW BY THE CHAIRMAN
FOR THE YEAR ENDED 30 JUNE 2005

THE YEAR UNDER REVIEW

The feature of the past financial year for Assore, and indeed for most of the South African mining sector, has been the return of basic commodity supply and demand issues as the key influence on performance, superseding the US dollar/rand exchange rate, which has dominated in recent years.

Assore's fortunes continue to be focused on the group's 45,66% investment in Assmang Limited (Assmang), which company it jointly controls. Assmang's core interests remain the production and sale of iron ore, manganese ore, chrome ore and various manganese and chrome alloys.

Largely initiated by China, whose surging development and high growth rate have sparked a strong demand for key metals such as crude steel and stainless steel, most of Assmang's range of products has been enjoying higher sales and significantly increased prices in world markets.

Against this backdrop, the rand remained strong for most of the year under review, but declined moderately over the last few months of the financial year, further enhancing the profitability of the group. The average US dollar exchange rate experienced by the group for the year was R6,18 compared with R6,77 in 2004.

RESULTS

The first half of the year under review carried on where the last half of the previous year had ended with the strong recovery in the demand and, as a result, US dollar prices for Assmang's products, enabling Assore to record a substantial growth of 739,4% in net profit for the first six months of the year.

Coming off a higher base and with increasing signs of a slowdown in the rapid escalation of prices, growth in net profit for the second half slowed to 112,0% resulting in net profit of R509,4 million (R18,19 per share) for the year as a whole – an increase of 200,0% on the previous year of R169,8 million.

The combination of a substantial increase in volumes sold and in US dollar prices received saw the contribution by the manganese division towards the group's net profit more than treble to R336,3 million or some 66% of the net profit. Most of this increase was attributable to higher manganese ore tonnages and manganese alloy prices, which peaked during the year but by year end were starting to soften.

The iron ore division, which enjoyed the highest increase in price received, contributed over 12,1% of the group's net profit at R61,8 million compared with R5,1 million or 3,1% of net profit in the previous year. Impressive as they are, these results could have been surpassed but for limited rail capacity via the Saldanha outlet.

The ferrochrome division, although experiencing lower annual sales of 262 thousand tons (2004: 295 thousand tons) due to reduced furnace availability, benefited from good prices in the first two quarters and contributed R35,3 million (2004: R11,4 million loss), being 6,9%, to the net profit of the group.

In addition to its investment in Assmang, Assore derives income from managing Assmang's marketing and shipping requirements and this division contributed R63,5 million (2004: R54,5 million) or some 12,5% of the group's net profit for the year from these activities.

SALES VOLUMES AND PRICES

Sales tonnages for the year are set out in the table below:

	2005 Tons 000	2004 Tons 000	Percentage increase/ (decrease)
Iron ore	**5 776**	5 460	5,8
Manganese ore	**1 811**	1 438	25,9
Manganese alloys	**197**	218	(9,6)
Charge chrome	**262**	295	(11,2)

Rises in the US dollar forward prices for the year commencing 1 April 2005 of 71,5% for iron ore and 63% for manganese ore can be viewed in relation to a 9,0% increase in world crude steel production to 1,06 billion tons in 2004 driven mainly by China which increased production 22% to 272 million tons.

Taking advantage of additional train capacity provided by Spoornet on the Port Elizabeth line, Assmang boosted the group's sales of manganese ore by 25,9% to 1,8 million tons and sales of iron ore were marginally higher at 5,8 million tons.

Sales of manganese alloys decreased from those of the previous year to 197 000 tons (2004: 218 000 tons). This resulted from reduction in demand by certain contract customers in the USA and Europe as well as by the timing of shipments and increasing stock levels to allow for furnace rebuilds. Within manganese alloys, high carbon ferromanganese sales experienced a decrease in volume to 134 000 tons (2004: 143 000 tons) while sales of refined ferromanganese remained at 47 000 tons. Silico-manganese sales volumes decreased to 16 000 tons (2004: 28 000 tons) with the termination of silico-manganese production in September 2004.

Again largely initiated by China, the first half of calendar 2005 experienced strong world production of stainless steel of almost 13 million tons (2004: calendar year 26,4 million tons). Assmang's charge chrome sales dropped by 11,2% to 262 thousand tons, mainly through lack of furnace availability.

CAPITAL EXPENDITURE

Assmang continued its major capital expenditure programme, which has totalled R2,5 billion over the past five years. The year under review saw expenditure of R699,1 million, including R3,7 million of capitalised interest. Completion of the new shaft complex at the Nchwaning manganese mine absorbed R202,7 million, while R82 million was spent on development of the Dwarsrivier underground mine. This project, which replaces the current open cast operations, should be completed by the end of calendar 2005 at a total cost of R221,7 million.

BORROWINGS

Strong cash flows generated by Assmang's operations helped to reduce the Assore group interest bearing borrowings to R226,7 million at year end (2004: R379,2 million). The Assore group remains cash positive and cash resources increased during the year to R275,6 million compared to R166,3 million at the end of the previous year.

OUTLOOK

Iron ore prices are expected to remain strong ahead of anticipated further increases in world steel production in the 2005/2006 year, particularly in China. Group management is involved in ongoing discussions with railway and port authorities to increase export volumes.

Demand, and consequently prices, of both ferromanganese and ferrochrome has weakened somewhat in the new financial year and market conditions indicate that the demand for these and related products could decline over the course of the current year. If so, the SA rand/US dollar exchange rate could again become a strongly influential factor on performance.

DIVIDENDS

An interim dividend of 50 cents (2004: 20 cents) was declared and paid during the year and a final dividend of 150 cents (2004: 45 cents) per share was declared to shareholders on 30 August 2005 making a 207,7% higher total for the year of 200 cents (2004: 65 cents) per share, reflecting the improved results attained. The final dividend is not included in the results for the year in accordance with the group's accounting policy for dividends.

APPRECIATION

The firm trading conditions enjoyed over the past year, while encouraging to both management and staff, have called for consistent dedication and effort to derive optimal benefit for the group for which I thank them. Our gratitude is also extended to those other stakeholders, in particular customers, suppliers, shareholders and bankers, who have contributed to the results that have been achieved for the year under review.

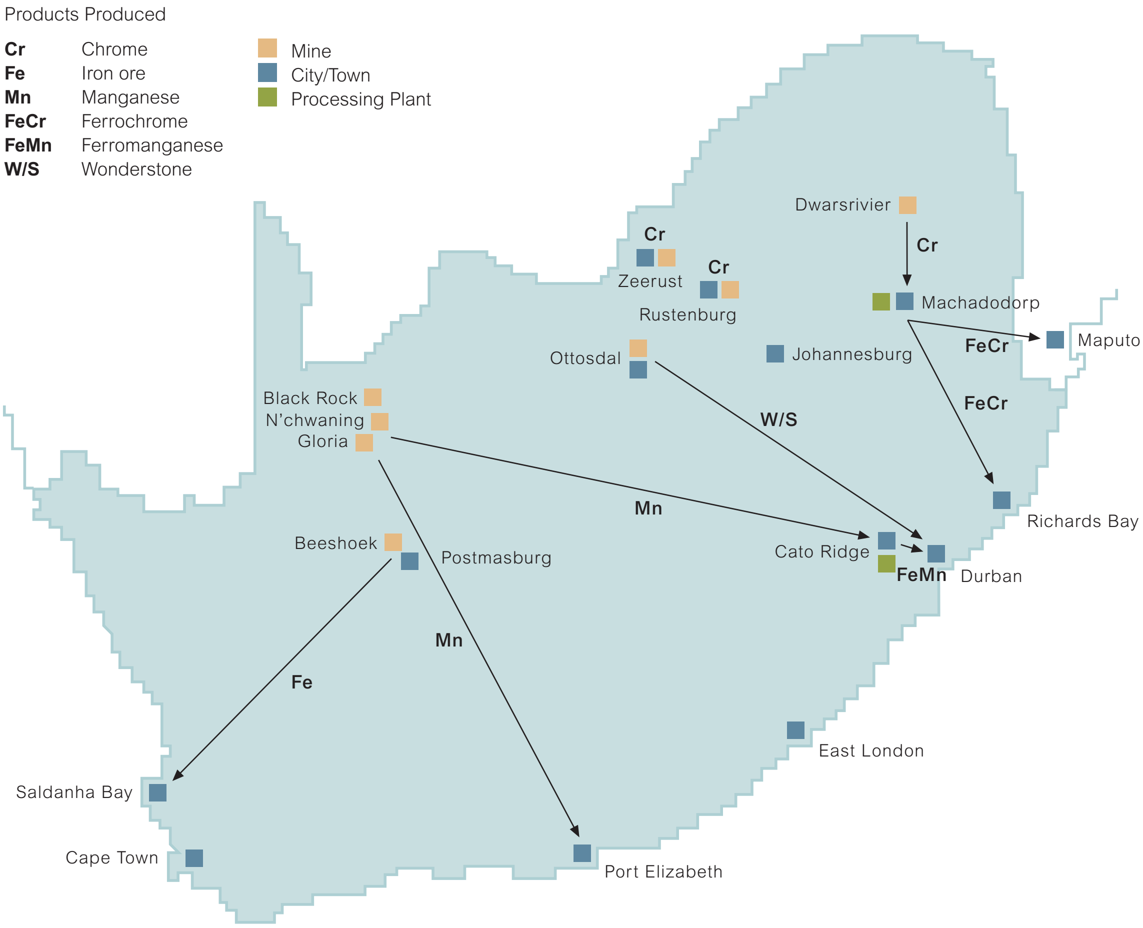
Desmond Sacco
Chairman

The activities of the group were conducted through its jointly controlled entities and subsidiary companies as illustrated in the group structure chart set out on page 3.

The profit after taxation and State's share of profits for the various classes of business of the group were as follows:

	2005	2004
	R 000	R 000
Mining and beneficiation	**417 875**	95 411
Marketing and shipping	**94 618**	93 947
Other	**28 569**	20 088
Profit after taxation and State's share of profit per income statement	**541 062**	209 446

Location of operations



MINING AND BENEFICIATION

Manganese ore and alloys

Manganese ore is mined by Assmang in the Black Rock area of the Northern Cape province and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal province. Cato Ridge Alloys, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation Limited produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived from Assmang's manganese mines and the bulk of both ore and alloy production is exported.

Sales tonnages of manganese ore and alloy can be summarised as follows:

	2005 Metric tons '000	2004 Metric tons '000
Manganese ore (excluding deliveries to Cato Ridge Works)	**1 811**	1 438
Manganese alloys	**197**	218

World crude steel production continued to increase in the year under review and for the 2004 calendar year rose by more than 9,0% to a record 1 056,7 million tons (2003: 969,3 million tons) of which China produced 272 million tons representing an increase for China over the previous year of 22%. This good global demand helped by additional capacity negotiated on the rail line to Port Elizabeth made it possible to lift manganese ore sales for the year by 25,9% to 1,8 million tons (2004: 1,4 million tons).

Prices also responded to the increased demand with the benchmark Japanese price rising by 63%. In contrast, sales volumes of manganese alloys decreased from those of the previous year to 197 000 tons (2004: 218 000 tons) due to the timing of shipments and increasing of stock levels to cater for furnace rebuilds. High carbon ferromanganese sales volumes decreased to 134 000 tons (2004: 143 000 tons) and sales volumes of refined ferromanganese were maintained at 47 000 tons. Silico-manganese sales volumes decreased to 16 000 tons (2004: 28 000 tons) following the termination of silico-manganese production in September 2004.

US dollar prices for alloys peaked during the year and despite ending the year at lower levels, the contribution of the manganese division to the net profit of Assore for the year was significantly higher at R336,3 million (2004: R106,0 million).

Capital expenditure during the year on the manganese division was R353,1 million (2004: R267,8 million) of which R202,7 million was spent on completion of the Nchwaning III shaft complex. The shaft complex commenced operation in May 2004 and by December 2004 had reached its targeted capacity.

Chrome ore and alloys

The bulk of chrome ore mined world wide is converted to ferrochrome and is used in the production of stainless steel. Global stainless steel production continued to show positive growth over the financial year, however total production for calendar 2005 is only likely to reach 24,8 million tons due to significant cutbacks by producers outside China in the second half of the year (2004: 24,6 million tons). Chrome ore is mined at Assmang's Dwarsrivier mine near Lydenburg in Mpumalanga province and is used mainly to supply the group's Machadodorp Ferrochrome Works.

World stainless steel production for the first half of 2005 was particularly strong at 13 million tons (2004: calendar year: 24,6 million tons) with most of this growth occurring in China. Due to the good demand and stronger SA rand, prices for ferrochrome increased in the first two quarters of the calendar year and the contribution by this division to Assore net profit was significantly higher at R35,3 million (2004: R11,4 million loss). The increased contribution was achieved despite marginally lower sales tonnage of 262 million tons (2004: 295 million tons) due to lower furnace availability. During the year R82 million was spent on development of the Dwarsrivier underground mine which should be complete by the end of calendar 2005 at a total expected cost of R221,7 million.

The group also mines chrome ore near Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited) (RMDC) in opencast operations and production is supplied to the local market. Approximately 418 970 tons (2004: 377 079 tons) of run of mine, lumpy and concentrate were produced during the year which resulted in a net profit of R8,8 million (2004: R5,2 million). As the mine is operated with the use of contractors, capex was negligible at R3,5 million (2004: R0,4 million).

On 30 April 2004 Assore announced that a black empowerment venture had been concluded with MAMPA Investment Holdings Limited (MAMPA) in terms of which MAMPA would become a 44% shareholder in RMDC in return for which it would cede to RMDC the chromite rights over the Farm Zandspruit which had recently been acquired from a third party. The Zandspruit rights are adjacent to the existing opencast and underground chromite mines owned by RMDC and will be mined using the RMDC infrastructure.

RMDC DIRECTORS

LEFT TO RIGHT: Frans Kalp, Phera Shongoane, Nyalala Pilane, Gabriel Mokgoko

MAMPA is the chromite mining arm of the Mankwe Development Foundation which is owned entirely by historically disadvantaged groups in the Mankwe area north of Rustenburg in which the above mentioned deposits are located. Application for the new order rights was submitted in June 2004 and the rights should be granted shortly, after which the outstanding terms of the joint venture agreement will be implemented. MAMPA is represented on the Board of RMDC by Kgosi M J Pilane, Kgosi S P Shongoane and Mr G Mokgoko and on the management committee which is responsible for the day to day operation of the mine.

Wonderstone

Since 1937, the group has mined a type of pyrophyllite which, for trade purposes, is referred to as Wonderstone. The deposit, which is located outside Ottosdal, approximately 300 kilometres west of Johannesburg, is of volcanic origin and displays unique corrosion, heat and abrasive resistant properties. The bulk of the material mined is exported to the United States of America, the United Kingdom and the Far East where it is utilised in various hi-tech industrial applications including the manufacture of synthetic diamonds and the welding and electronics industries.

During the year, sales of 951,8 tons (2004: 601,0 tons) of unbeneficiated material were concluded at prices slightly higher than in the previous year. In response to market demand, the company also supplies certain customers with a range of finished or partly finished components for use directly in their various manufacturing processes. Wonderstone is also produced in powder form to customer specified fraction and blend. In this way, the quantity of waste material exported is reduced considerably and customers benefit from the higher degree of technical support which the company is able to offer with regard to the material's performance characteristics.

WONDERSTONE DIRECTORS

LEFT TO RIGHT: Sam Matsimela, Richard Burnand, John Connelly

Turnover increased to R32,3 million (2004: R26,0 million), due to increased demand for most products. The bulk of component products is utilised in the production of synthetic diamonds which are used mainly in the oil drilling industry and as a result demand is influenced strongly by movements in the crude oil price. Although higher sales volumes were achieved, increased overheads resulted in the business reflecting a lower operating profit of R4,5 million (2004: R7,0 million) for the year under review.

Both the mine and its manufacturing operations have been awarded ISO 9001:2000 accreditation with the mine also receiving ISO 14001 accreditation.

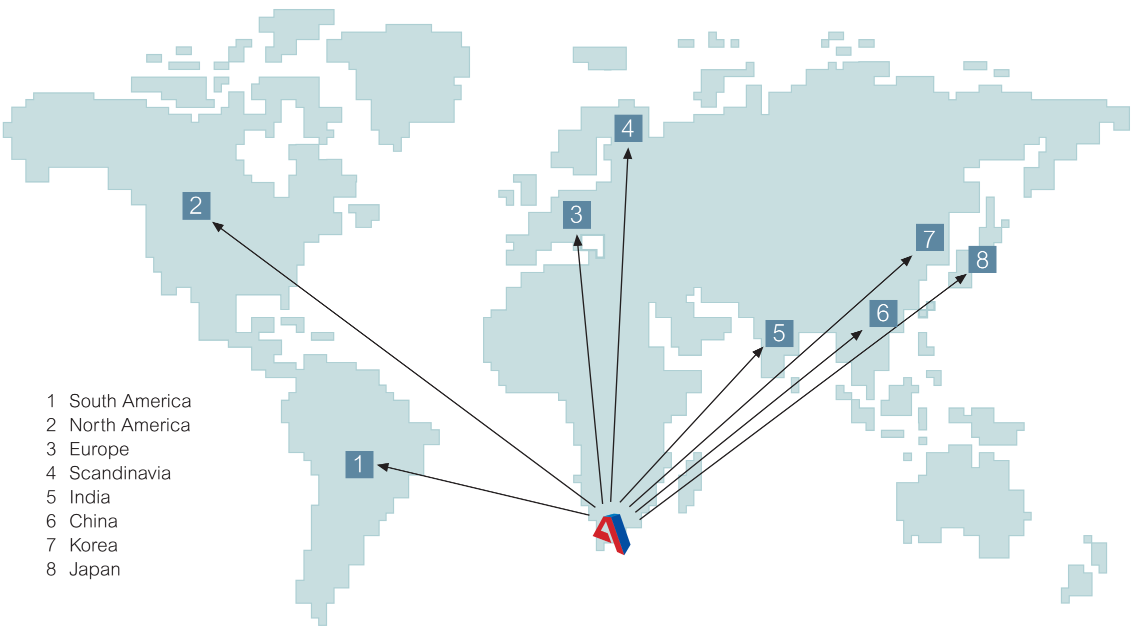
Capital expenditure for the year amounted to R11,8 million (2004: R5,6 million), most of which was spent on the expansion of manufacturing operations.

Wonderstone has also established a synthetic diamond production facility which operates from premises in Linbro Park on the outskirts of Johannesburg under the name of Xertech. Sales were concluded both locally and for export during the year and a sales agency agreement is currently being finalised with an established supplier in Europe.

Process development work during the year has resulted in a significant improvement in the quality of finished product which is gaining market acceptability. As sales are still not covering fixed costs, a loss was incurred of R15,8 million (2004: R12,2 million loss) for the year. The quality of production which has been achieved on a sustainable basis is competitive in the higher end of the market and it is planned to increase sales significantly during the forthcoming year with the facility now operating on a 24/7 shift basis. Orders are currently being prepared for two additional presses which should increase capacity significantly and reduce average cost of production but only with effect from 2006/7 as the lead time on the press delivery is currently approximately one year.

MARKETING AND SHIPPING

Export destinations of group products



Wholly owned subsidiary Ore & Metal Company Limited is responsible for the marketing and shipping of all the group's products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East and products with a market value of approximately R4,4 billion (2004: R3,3 billion) were marketed and distributed in these regions during the year. The company is an established supplier to the steel and allied industries worldwide and has operated effectively in these markets for over 70 years. Commission income and contribution to group net income after taxation increased significantly in line with the increased selling prices of the group’s commodities compared to the previous year.

Minerais U.S. LLC.

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, in particular manganese and chrome alloys, and trades in various commodities related to the steel making industry. The company made a contribution to group net profit for the year of R17,4 million (2004: R20,2 million), reflecting the lower US dollar prices for alloys towards the year end.

ORE & METAL DIRECTORS

LEFT TO RIGHT: Alistair McAdam, Jaco Venter, Alastair Stalker, John Lewis

TECHNICAL ADMINISTRATION

African Mining and Trust Company Limited is technical adviser to Assmang and other group companies for which it receives fee income. As fee income is based on the levels of activity of group companies, both turnover and net profit after taxation increased on the previous year.

Investments

The group maintains a portfolio of listed shares which are selected and held in accordance with long-term investment criteria. No additional investment (2004: R2,4 million) was made in the portfolio during the year and there were no disposals (2004: R1,8 million) of shares during the year other than a share repurchase in terms of

AFRICAN MINING AND TRUST DIRECTORS

LEFT TO RIGHT: Frans Olivier, Sally Venegas, Andries Mouton, Tiaan van Aswegan

a scheme of arrangement. The portfolio is valued in the financial statements at market value and the difference between cost and market value is transferred to other reserves net of any capital gains tax which would arise on eventual disposal. At year end the market value of the portfolio was R232,0 million (2004: R165,6 million) based on a cost of R116,3 million (2004: R116,4 million). Dividends received for the year were R5,4 million (2004: R5,1 million).

Net profit on investments also includes interest received of R16,9 million (2004: R13,3 million) generated on cash in excess of current requirements which is invested on a short-term basis in the money market.

CORPORATE GOVERNANCE REPORT

The Assore Board believes that strong corporate governance not only enhances sustainable control of an organisation but is essential to preserving organisational reputation, investor confidence, access to capital, when required, and sustainable employee motivation. Consequently the Assore group subscribes, in all its activities, to a policy of best practice in business management and corporate governance for South African companies, which it implements in accordance with the following three dimensional framework:

- Installing a risk and control environment within its business entities where management is responsible for identifying, quantifying and managing risks to achieve the organisation's objectives on a sustainable basis;
- Creating a process which provides executive management, through the Audit Committee, with assurance over the adequacy of internal control within the organisation, i.e. that the risk and control environment in place is appropriate for the business concerned and is working as intended;
- Establishing a challenge process to identify the effectiveness of both the risk management environment and the assurance processes. This is generally the role of the internal audit function and other independent assurance specialists used on a consultancy basis.

The company's shares are listed on the JSE which requires that all listed companies comply with the Code of Corporate Practices as set out in the King Report on Corporate Governance. The King Report was originally issued in November 1994 and updated in March 2002 as the "King II Report." The objective of the King Reports is to formulate recommendations for the maintenance and improvement of standards of corporate governance in South African companies in accordance with international best practice.

The group's practices are already in line with most of the requirements of these reports and ongoing consideration is given to those peripheral practices recommended in the King II Report which have not yet been implemented by the group. Where it is not possible or it is impractical for the group to comply with the recommendations, the instances are referred to in this report and mention is made of the alternative procedures which the Board has agreed to implement.

BOARD OF DIRECTORS

The directors are committed to the principles of corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

Composition

The holding company has a unitary board structure comprising seven directors, four of which are executive and three non-executive.

Of the three non-executive directors Mr P N Boynton represents the Old Mutual Life Assurance Company (South Africa) Limited (Old Mutual), which has a significant interest in the group. The other two non-executive directors are regarded as independent and hold directorships in other listed and unlisted companies resident in South Africa.

The non-executive directors do not receive any benefits from the company other than their fee for services as directors, which, in the case of the director representing Old Mutual, is paid over to his employer.

The four executive directors are Messrs Desmond Sacco (Chairman), R J Carpenter (Deputy Chairman), C J Cory (Chief Executive Officer) and P C Crous (Group Technical Director) and each of these executives is also on the board of listed associate, Assmang.

Remuneration

Details of emoluments paid to directors and directors' interests in shares of the company are disclosed in the Directors' Report on pages 34 and 35 and none of the executive directors have signed contracts of service with the company which specify either a paid notice period or additional compensation in the event of termination.

Election

In accordance with the company's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition all directors are subject to re-election by shareholders at the first annual general meeting following their initial appointment.

A brief *curriculum vitae* of each director is set out on pages 5 and 6 of this report.

Meetings

The Board meets at least four times per annum on predetermined dates with additional meetings convened when considered necessary. The Board met on four occasions in the year under review and attendance at these meetings was as follows:

	Possible	Attended
Desmond Sacco	4	3
R J Carpenter	4	4
C J Cory	4	4
P C Crous	4	4
B M Hawksworth	4	4
P N Boynton	4	4
Dr J C van der Horst	4	4

Audit Committee

B M Hawksworth (Chair)
P N Boynton
C J Cory
Dr J C van der Horst

The Audit Committee is a sub-committee of the Board and the Chairman of the Audit Committee reports on activities of the Committee at each Board meeting. The Audit Committee was established in terms of a Charter approved by the Board which *inter alia* sets out its duties and responsibilities and is reviewed on an annual basis to ensure it remains appropriate to the activities of the group.

The majority of the members of the Audit Committee, including the Chairman (who will make himself available to take questions at the AGM), are non-executive directors and the Committee meets at least three times per annum.

The prime objectives of the Audit Committee are to:

- monitor the efficiency and effectiveness of the group's internal control environment
- review and approve the drafts of financial reports prior to their issue
- consider the appropriateness of the group's accounting policies
- provide a forum for the management of the external and internal audit functions and the resolution of issues which arise from audit activities.

All audit work is undertaken based on programmes prepared in accordance with an ongoing risk evaluation process which ensures that audit effort is optimised (refer Risk Management and Internal Audit and Control below).

Representatives of the internal and external auditors are invited to attend regular meetings of the Committee and, if necessary, have direct access to the Chairman of the Committee throughout the year. The engagement partner of the external auditors is invited annually to address the full Board on the audit relationship in general and any specific issues of concern arising from the annual audit.

Remuneration Committee

B M Hawksworth (Chair)
Desmond Sacco
Dr J C van der Horst

The majority of the members are non-executive directors, including the Chairman, and the Committee meets at least once a year for the annual salary review which the Chief Executive Officer attends by invitation. Recommendations on the broad framework and cost of executive remuneration are made annually to the Board for approval and in order to do so the Committee is required to determine:

- the group's general policy on executive remuneration
- specific remuneration packages for executive directors
- setting criteria where required to account for the suitable performance of executive directors.

The remuneration of non-executive directors is determined by the Assore executive and requires approval at a shareholders' meeting. Remuneration of other employees in the group is determined annually by the executive directors in conjunction with the human resources department.

Insider trading and closed periods

The group operates a closed period prior to the publication of its interim and final results. During this period directors, officers and designated persons who may have access to price sensitive information are precluded from dealing in the shares of the group. The closed period extends from the 15th of the month following the end of a financial reporting period and expires on the day on which the results are published. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

RISK MANAGEMENT

Risk is an everpresent feature of business in general. It is exacerbated in the mining industry as a result of the remote locations of operations, the physical danger inherent in the day to day activities of mining and smelting operations and the volume and complexity of legislation with which the industry has to comply. The most prominent financial risks to which the group is exposed, namely fluctuations in exchange rates and world commodity prices, are to a large extent outside of the Board's control.

Group risk management is achieved through the identification and control of all significant business risks including operational risks, which could adversely affect the achievements of the group's business objectives. Risk is managed at group level through the appointment of various risk management committees, which comprise representatives from senior management. The committees report to the Board of Directors through the Audit Committee. An independent formalised process of identifying, recording and reviewing the management of major risk exposures has been implemented, assisted by specialised external consultants where required. Independent risk engineering consultants grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining as well as environmental risk to monitor whether current practices meet the set criteria and are being maintained. The risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms comprehensively protect the group against catastrophic risk.

In addition, the group risk management process includes ongoing review of compliance with legislation in the areas of environmental rehabilitation, health and safety, and human resource management. This review is undertaken in conjunction with independent, specialist consultants and subjected to regular compliance audits. Reports emanating from these independent reviews are tabled at the Audit Committee, which monitors progress and raises unresolved issues at Board level where considered appropriate.

HEALTH, SAFETY AND ENVIRONMENT

Health

The HIV/AIDS pandemic is without doubt the most important health concern for all businesses in South Africa. It not only affects the productivity of all operations through illness, absenteeism and untimely death, but also has an impact on the working environment of employees and on the social implications for both their families and the communities within which they live.

Each of the larger operations in the group has devised a comprehensive strategy to control the impact of the disease on its operations and on its global competitiveness, and to provide humanitarian support to its employees and their families.

Current policies focus on the education of the work force using an extensive HIV/AIDS education programme. This programme has also been taken to the schools and other institutions within the rural areas surrounding the group's operating divisions. Regular surveys are conducted to measure changing attitudes towards HIV/AIDS and voluntary education also takes place.

Participation in initiatives to address HIV/AIDS is ongoing. The HIV/AIDS Scorecard process has evolved over the past three years to measure the extent to which the operations are subscribing to the King II Good Governance Principles ("KIIP"), where the Board of Directors need to:

- ensure they understand the social and economic impact that HIV/AIDS will have on the company's business activities;
- adopt an appropriate HIV/AIDS strategy, plan and policies to address and manage the potential impact;
- regularly monitor and measure performance using established indicators; and
- report to stakeholders on a regular basis.

Management of the HIV/AIDS pandemic is critical to sustainable development and, in order to meet the objective of achieving the required KIIP goals after five years, the group will continue to improve its operational interventions by setting targets for each operation and reviewing achievement against plan on a regular basis.

Safety

Employees undergo stringent safety training on operating procedures, use of equipment and operation of machinery and furnaces. Attention is focused on supervision and direction in reducing workplace accidents and related occupational health and hygiene-related incidents. Activities in this regard include the application of regular measurement against legislated or regulatory requirements, analytical reviews of accidents which occur and compliance with current industry and international best practices.

Environment

The Assore group views its responsibility in terms of protecting the environment in a serious light and environmental management is regarded as a key performance area for all operations. Environmental management systems are based on internationally accepted standards and are implemented in conjunction with recognised consultants based on the following commitments:

- Recognition of rehabilitation as an essential part of the mining process;
- Ongoing maintenance and assessment of environmental conditions surrounding mining and smelting activities with the view to reducing to a minimum pollution, waste generation and other negative impacts on the environment in which operations are located;
- Developing awareness amongst staff of environmental issues through ongoing training programmes;
- Maintaining positive relationships on environmental issues with stakeholders, including shareholders, employees, neighbours and regulatory authorities.

It is a requirement that all mining companies in the group undertake environmental impact assessments and restoration work with regard to areas that have been disturbed by mining and prospecting activities. All companies in the group, which are currently involved with prospecting and mining activities, have submitted environmental management programmes to the relevant Regional Director of the Department of Minerals and Energy for approval and all the costs associated with the programmes are regarded as an integral part of the prospecting and mining operations concerned.

These costs are either charged to the cost of mining when incurred or, where it is not possible to complete restoration work as an integral part of the mining operation, annual contributions are made to the Environmental Trust Funds (Trusts) which have been established for this purpose. Annual contributions to these funds are calculated, based on the remaining life of the mining operations and the final estimated cost concerned, which includes decommissioning costs and the cost of restoration as required by the Department of Minerals and Energy. Notwithstanding the transfers made to the Trust, the full liability for rehabilitation is raised as a long-term provision and the investments of the Trust are recognised as an asset in the group's balance sheet.

INTERNAL AUDIT AND INTERNAL CONTROL

The Board, through its appointed Audit Committee, is accountable for the implementation of appropriate internal controls, which are reviewed regularly for efficiency and effectiveness. These controls are designed to manage the risk of failure, and provide reasonable assurance that there is an adequate system of internal control in place. As with all management systems the assurance provided is not absolute and the risk of failure cannot be eliminated entirely.

The internal audit functions at the various operations in the group have been outsourced to the special services divisions of recognised professional auditing firms. Internal auditors monitor the operation of the internal control systems and, after discussion with management, report findings and recommendations to the Audit Committee. Corrective action is taken to address control deficiencies as and when they are identified. Nothing has come to the attention of the Board to indicate that any material breakdown in the effective functioning of controls, procedures and systems has occurred during the year under review.

Representatives of the internal audit team are invited to attend Audit Committee meetings and, where areas of new risk are identified or capital projects completed, separate independent investigations take place on an *ad hoc* basis in addition to the programmed reviews referred to above.

EMPLOYEE PARTICIPATION AND SOCIAL INVESTMENT

For many years, collective bargaining procedures have been negotiated with workforce representatives but, where a workforce has elected not to be represented by a recognised union, it is encouraged to elect a Works Committee to achieve the same objectives. The forums so created are utilised in wage negotiations and to communicate information regarding operating performance and facilitate workforce participation in health, safety and educational issues.

The group is committed to promoting respect for the dignity of the individual, the maintenance of fair employment conditions and the development, through education, of competent and committed employees. The group, in conjunction with the Assore Chairman's Fund, provides financial assistance for study purposes to all members of staff, including their dependants, based on defined performance criteria. A substantial proportion of the donations made annually by the Fund is made to a wide range of educational institutions ranging from selfhelp programmes and adult literacy training to financial assistance for study at tertiary level. The Fund also supports and provides sponsorship for a variety of sporting events, in particular, providing financial assistance and incentives for the participation of young sportsmen and women from disadvantaged backgrounds who display significant sporting talent.

EMPLOYMENT EQUITY

The Employment Equity Act imposes obligations *inter alia* on all companies to meet certain employment quotas with regard to certain employee groups which are designated by the Act.

The Board is of the view that the advancement of new and existing employees by means of employment equity can only succeed if this forms part of carefully managed succession and workforce plans which do not compromise the high standards of efficiency in the workplace which the group seeks to attain.

Employment equity plans and reports for each operation were developed in consultation with the recognised unions at each of the operations and have been presented to the Department of Labour in accordance with legal requirements. An Employment Equity Committee, representing management and employees, exists at each of the operations and progress in implementing the equity plans and revising targets is monitored on a regular basis. The following equity principles have been employed within the legislative framework in formulating the policies referred to above:

- To ensure no unfair discrimination occurs in employment practices;
- To treat all persons equally, fairly, with dignity and respect;
- To achieve a diverse, efficient workforce which aims to be equitably representative of the population in its operational areas;
- To create opportunities for, and remove barriers to, human resource development;
- To involve employees and their representatives in employment equity matters;
- To be an effective corporate partner of communities, government and other social stakeholders.

The development of skills is a critical issue, which is being implemented rapidly, but thoroughly, at each operation in order to address the widening gap between the supply of, and demand for, skilled labour.

CODE OF ETHICS, RESPONSIBILITIES TO STAKEHOLDERS AND SUSTAINABLE DEVELOPMENT

The group has not developed a comprehensive Code of Ethics but the following principles have been adopted to guide various aspects of corporate behaviour to ensure the group remains committed to the highest standards of integrity in dealing with its stakeholders and developing its business activities in a sustainable way:

Investors

Dealing properly with all stakeholders in order to serve the best interests of shareholders on a sustainable basis. Commitment to full compliance with relevant laws and rules, good corporate governance, transparency and fair dealing.

Employees

Employing only the most appropriately skilled individuals and investing in their development in a non-discriminatory environment.

Communities

Promoting strong relationships with, and raising the capacity of, the communities in which the group's activities are located.

Customers and business partners

Seeking mutually beneficial long-term relationships with customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental bodies

Respect for laws of the countries in which the group operates, while seeking to observe within its operations the universal standards promulgated by leading inter-governmental organisations.

Non-governmental organisations

Maintenance of constructive relations with relevant non-governmental organisations.

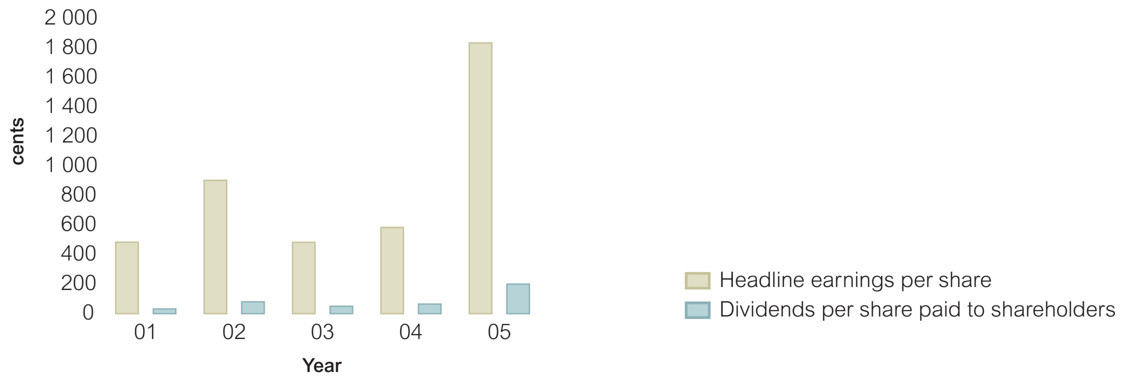
FIVE YEAR SUMMARY

OF THE CONSOLIDATED FINANCIAL STATEMENTS

Income Statements	*2001 R 000	*2002 R 000	*2003 R 000	2004 R 000	**2005** **R 000**
Turnover	1 146 082	1 514 406	1 753 027	2 228 091	**3 093 944**
Profit before exceptional item	203 860	385 951	217 859	309 029	**793 607**
Exceptional item	–	248 278	–	–	**–**
Taxation and State's share of profits	67 265	131 894	76 414	99 583	**252 545**
Profit after taxation and State's share of profits	136 595	502 335	141 445	209 446	**541 062**
Minority shareholders' share of (profit)/loss	2 447	(381)	(5 073)	(39 603)	**(31 617)**
Net profit for the year	139 042	501 954	136 372	169 843	**509 445**
Dividends declared	8 960	16 800	18 200	12 600	**26 600**
Retained profit for the year	130 082	485 154	118 172	157 243	**482 845**
Other information					
Number of ordinary shares in issue ('000)	28 000	28 000	28 000	28 000	**28 000**
Earnings per share (cents)	497	1 793	487	607	**1 819**
Headline earnings per share (cents)	484	903	483	584	**1 834**
Total dividends for the year (cents)					
– Interim (paid)	12	40	25	20	**50**
– Final (declared subsequent to year end)	20	40	25	45	**150**
	32	80	50	65	**200**
Average exchange rates for the year					
SA rand to US dollar	7,59	10,12	9,00	6,84	**6,18**
SA rand to Euro	6,78	9,06	9,37	8,16	**7,84**

*years 2001 to 2003 are prepared in accordance with SA GAAP, thereafter in terms of IFRS

Headline earnings and dividends paid per share (cents)



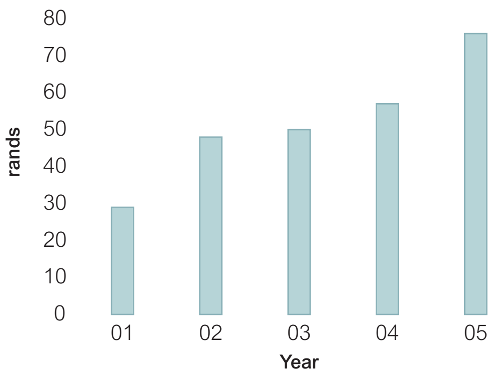
FIVE YEAR SUMMARY

OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Balance Sheets	*2001 R 000	*2002 R 000	*2003 R 000	2004 R 000	**2005 R 000**
ASSETS					
Non-current assets					
Property, plant, equipment and intangibles	836 060	956 950	1 056 281	1 206 428	**1 391 931**
Environmental rehabilitation trust funds	11 021	12 829	12 547	13 503	**17 493**
Available-for-sale investments	105 494	179 051	147 152	165 715	**232 093**
	952 575	1 148 830	1 215 980	1 385 646	**1 641 517**
Current assets					
Amounts owing by joint venture partners	–	–	–	9 529	**9 505**
Other current assets	527 567	769 176	827 341	996 476	**1 310 264**
Cash resources	78 023	84 633	96 623	166 263	**275 566**
TOTAL ASSETS	1 558 165	2 002 639	2 139 944	2 557 914	**3 236 852**
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	802 680	1 325 020	1 382 513	1 549 309	**2 092 721**
Minority shareholders' interest	10 386	13 796	12 701	42 560	**39 363**
Total equity	813 066	1 338 816	1 395 214	1 591 869	**2 132 084**
Non-current liabilities					
Deferred taxation	115 452	173 261	198 251	240 576	**345 181**
Long-term liabilities	29 579	32 032	34 865	55 425	**65 333**
	958 097	1 544 109	1 628 330	1 887 870	**2 542 598**
Current liabilities					
Non-interest bearing	121 985	105 129	202 992	290 878	**467 514**
Interest bearing	478 083	353 401	308 622	379 166	**226 740**
TOTAL EQUITY AND LIABILITIES	1 558 165	2 002 639	2 139 944	2 557 914	**3 236 852**
Net asset value per share (rand)	29	48	50	57	**76**
Exchange rates at year end					
SA rand to US dollar	7,93	10,23	7,46	6,17	**6,65**
SA rand to Euro	6,79	10,17	8,64	7,53	**8,06**

*years 2001 to 2003 are prepared in accordance with SA GAAP, thereafter in terms of IFRS

Net asset value per share (rand)



APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements of Assore Limited and its joint venture and subsidiary companies as set out on pages 31 to 72 for the year ended 30 June 2005 were approved by the Board of Directors on 30 August 2005 and signed on its behalf by:

Desmond Sacco
Chairman

C J Cory
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

We certify that the requirements as stated in Section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.

African Mining and Trust Company Limited
Secretaries

per: C D Stemmett
30 August 2005

REPORT OF INDEPENDENT AUDITORS

To the members

Assore Limited

We have audited the annual financial statements and group annual financial statements of Assore Limited and its joint venture and subsidiary companies set out on pages 31 to 72 for the year ended 30 June 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, these annual financial statements fairly present, in all material respects, the financial position of the company and the group at 30 June 2005 and the results of their operations and cash flow information for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Ernst + Young

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
30 August 2005

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 (JSE) under "ASSORE" in the "Other Mineral Extractors & Mines" sector and its ultimate holding company is Oresteel Investments (Proprietary) Limited.

The group's principal investment is a 45,66% interest in Assmang Limited (Assmang) which is also listed on the JSE and which it controls jointly with African Rainbow Minerals Limited (ARM) in terms of a long standing arrangement. Assmang is involved in the mining of manganese, iron and chrome ores and the production of manganese and chrome alloys. In addition, the group mines chrome ore and Wonderstone (a type of pyrophyllite) for its own account and produces a range of ceramic and abrasive products for use in specialised industrial applications.

The group 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 2005 are set out in the annual financial statements of the company and group included in this report (the financial statements). The results for the year are summarised below:

	2005 **R 000**	2004 R 000
Turnover	**3 093 944**	2 228 091
Profit after taxation and State's share of profits	**541 062**	209 446
Minority shareholders' share of profit	**31 617**	39 603
Net profit for the year	**509 445**	169 843
Dividends declared (refer page 34)	**26 600**	12 600
Retained profit for the year	**482 845**	157 243

The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:

	2005 **R 000**	2004 R 000
Subsidiary companies		
– Profit	**82 998**	71 682
– Losses	**11 240**	5 741
Jointly controlled entity (45,66% share in Assmang)		
– Profit	**392 013**	87 541

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, whose report appears on page 29, are responsible for independently reviewing and expressing an opinion on the financial statements.

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 generally accepted accounting practice 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 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 value of fixed assets and financial instruments is a reasonable estimate of their fair value.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through their duly appointed Audit 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 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 financial information.

JOINTLY CONTROLLED ENTITY

The group owns 45,66% (2004: 45,66%) of the ordinary share capital of Assmang, which is listed on the JSE under the "Other Mineral Extractors and Mines" sector. The results of Assmang are accounted for by Assore using the proportionate consolidation method and set out below are extracts from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2005. The calculation of net profit for consolidation purposes was based on the net profit of Assmang for the year ended 30 June 2005 and dividends declared during that period.

Abridged consolidated income statement of Assmang

	Year ended 30 June	
	2005	2004
	R 000	R 000
Turnover	**4 406 474**	3 304 537
Profit before taxation and State's share of profit	**1 414 250**	342 304
Taxation and State's share of profit	**465 277**	123 981
Net profit for the year	**948 973**	218 323
Dividends declared	**90 479**	26 612
Retained profit for the year	**858 494**	191 711
Earnings per share (rands)		
– attributable	**267,45**	61,53
– headline	**270,30**	60,26
Dividends declared per share (rands)		
– final	**7,50**	5,00
– interim	**18,00**	2,50
	25,50	7,50

Abridged consolidated balance sheet of Assmang

	At 30 June	
	2005	2004
	R 000	R 000
Assets		
Non-current assets	**2 804 238**	2 418 920
Current assets	**2 265 137**	1 807 677
Total assets	**5 069 375**	4 226 597
Equity and liabilities		
Total equity	**3 338 720**	2 480 226
Non-current liabilities	**841 241**	605 702
Current liabilities		
– interest bearing	**160 804**	737 190
– non-interest bearing	**728 610**	403 479
Total equity and liabilities	**5 069 375**	4 226 597
Number of ordinary shares in issue (thousands)	**3 548**	3 548
Capital expenditure (Rm)	**699**	493
Capital commitments (Rm)	**454**	441

DIVIDENDS

In accordance with the group's accounting policy for dividends, only dividends which are declared during the financial year are included in the financial statements and are summarised as follows:

	2005 **R 000**	2004 R 000
Final dividend No. 95 of 45 cents (2004: No. 93 of 25 cents) per share declared on 1 September 2004	**12 600**	7 000
Interim dividend No. 96 of 50 cents (2004: No. 94 of 20 cents) per share declared on 15 February 2005	**14 000**	5 600
	26 600	12 600

Subsequent to year end a final dividend of R1,50 per share was declared payable to shareholders on 3 October 2005. The dividends which relate to the group's activities for the year can therefore be summarised as follows:

	2005 **R 000**	2004 R 000
Interim dividend No. 96 of 50 cents (2004: No. 94 of 20 cents) per share declared on 15 February 2005	**14 000**	5 600
Final dividend No. 97 of 150 cents (2004: No. 95 of 45 cents) per share declared on 30 August 2005	**42 000**	12 600
	56 000	18 200

DIRECTORATE

The names of the directors at the date of this report and the name of the secretary including its business and postal addresses are set out on page 2 of this report.

There were no changes to the Board during the year under review and in terms of the company's Articles of Association, Messrs Desmond Sacco and P C Crous are required to retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' EMOLUMENTS

Emoluments paid to directors for the year are summarised as follows:

	2005 **R 000**	2004 R 000
Executive directors	**20 263**	14 749
Alternate director	**2 291**	1 751
Non-executive directors	**280**	180
	22 834	16 680

	Directors' fees (note 1) R 000	Salary R 000	Bonuses (note 2) R 000	Contri-- butions to pension scheme R 000	Other fringe benefits (note 3) R 000	Total R 000
2005						
Executive						
D Sacco (Chairman)	**110**	**2 419**	**1 868**	**–**	**249**	**4 646**
R J Carpenter (Deputy Chairman)	**96**	**2 300**	**2 240**	**522**	**815**	**5 973**
C J Cory (Chief Executive Officer)	**96**	**2 100**	**2 191**	**478**	**225**	**5 090**
P C Crous (Technical and Operations)	**96**	**1 750**	**2 103**	**411**	**194**	**4 554**
Non-executive						
P N Boynton*	**60**					**60**
B M Hawksworth	**120**					**120**
J C van der Horst	**100**					**100**
Alternate						
J W Lewis	**–**	**840**	**1 043**	**196**	**212**	**2 291**
	678	**9 409**	**9 445**	**1 607**	**1 695**	**22 834**
2004						
Executive						
D Sacco (Chairman)	110	2 160	1 013	–	136	3 419
R J Carpenter (Deputy Chairman)	96	1 749	3 031	404	106	5 386
C J Cory (Chief Executive Officer)	96	1 354	1 091	314	156	3 011
P C Crous (Technical and Operations)	96	1 286	1 091	311	149	2 933
Non-executive						
R A Chute*	60					60
B M Hawksworth	60					60
J C van der Horst	60					60
Alternate						
J W Lewis	–	751	651	179	170	1 751
	578	7 300	6 877	1 208	717	16 680

*Fees paid to Old Mutual

Notes:

1. Directors' fees for executive directors included 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 their interests are set out under Interests in shares of the company below.
3 Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, leave paid out, study loan benefits and employment insurance fund contributions.

INTERESTS IN SHARES OF THE COMPANY

None of the directors or their families hold any options to acquire shares in the company nor are they entitled to any gains by way of commissions, profit sharing arrangements or contracts entered into with group companies.

Interests of the directors in the ordinary shares of the company at 24 June 2005 were as follows, and the company is unaware of any material change in these interests between year end and the date of this report.

	Beneficial Number of shares		Non-beneficial Number of shares	
	2005	2004	**2005**	2004
Executive directors				
Desmond Sacco	**54 000**	54 000	**8 000**	8 000
R J Carpenter	**22 400**	22 400	**8 000**	8 000
C J Cory	**10 000**	10 000	**8 000**	8 000
P C Crous	**3 000**	2 000	**8 000**	8 000
Non-executive directors				
P N Boynton	**–**	–	**8 000**	8 000
B M Hawksworth	**–**	–	**–**	–
Dr J C van der Horst	**–**	–	**–**	–
Alternate director				
J W Lewis	**2 500**	2 500	**–**	–
	91 900	90 900	**40 000**	40 000

LEGISLATION

Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the Act), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below. The Act has changed the current common law and statutory position in South Africa whereby mineral rights can be held privately. Instead, with effect from 1 May 2004, the State has assumed sovereignty and custodianship of all mineral rights in South Africa and will grant prospecting rights and mining rights to applicants based on the merits of their applications (new order rights). A transitional period is provided during which holders of existing mineral rights (old order rights), upon meeting certain requirements, may convert existing in-use mining or prospecting rights to new order rights, or in the case of unused rights, may apply for new order rights.

The Act provides for a broad based socio-economic empowerment Charter (the Charter) which is intended to facilitate the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the State has issued pursuant to the Charter requires, *inter alia,* that mining companies achieve 15% HDSA ownership of mining assets within five years and 26% within ten years. The Charter also requires *inter alia* that mining companies provide plans for achieving employment equity at management level and procure 40% of their goods and services from black empowered organisations.

In view of meeting the Charter's requirements Assore has:

- Initiated an audit of current compliance with the requirements of the Charter. To this end a scorecard, which evaluates the current position of the Assore group relative to the required position five years after the Act is proclaimed, is in the process of being compiled. This evaluation will highlight the areas where the group needs to concentrate its efforts in order to meet the requirements of the Charter

- Commenced with the introduction of a preferential procurement policy
- Concluded the MAMPA deal on RMDC (refer Review of Operations – chrome ore and alloys)
- Developed a social and labour plan for all its operations which supports the Integrated Development Plan of the local authority. The plan, which has received the approval of the relevant departments, includes the development and finance of a school, maintenance and upgrading of roads, and presentation of programmes on adult education, health and safety and environmental awareness.

EVENTS SUBSEQUENT TO YEAR END

On 30 August 2005 the Board declared a final dividend of R1,50 per share which will be paid to shareholders on 3 October 2005.

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders has been established, based on an examination of the company's share register at 24 June 2005 in accordance with the Listing Requirements of the JSE. The directors are not aware of any material changes to these percentages between the year end and the date of this report.

Shareholder spread	**2005 %**	2004 %
Shares held by the non-public*		
– Holders in excess of 10% of the share capital	**75,1**	75,1
– Directors of the company	**0,3**	0,3
	75,4	75,4
Shares held by the public (379 shareholders (2004: 289))	**24,6**	24,6
	100,0	100,0

*As defined by Rule 4.25 of the JSE Listing Requirements

	2005 %	2004 %
Major shareholders		
Oresteel Investments (Proprietary) Limited	**52,28**	52,28
Old Mutual Nominees (Proprietary) Limited	**22,92**	22,92
Standard Bank of South Africa Limited	**9,32**	9,32
	84,52	84,52
Others – less than 5%	**15,48**	15,48
	100,00	100,00

HOLDING COMPANY

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

Johannesburg
30 August 2005

BALANCE SHEETS

AT 30 JUNE 2005

		GROUP		COMPANY	
	Note	**2005 R 000**	2004 R 000	**2005 R 000**	2004 R 000
ASSETS					
Non-current assets					
Property, plant, equipment and intangibles	2	**1 391 931**	1 206 428	**–**	–
Environmental rehabilitation trust funds	3	**17 493**	13 503	**–**	–
Investment in group companies	4			**63 250**	63 250
Available-for-sale investments	6	**232 093**	165 715	**232 093**	165 715
Total non-current assets		**1 641 517**	1 385 646	**295 343**	228 965
Current assets					
Inventories	7	**695 600**	520 892	**–**	–
Amounts owing by joint venture partners		**9 505**	9 529		
Loans from group companies				**22 975**	2 652
Trade and other receivables		**613 447**	475 584	**–**	1 163
Prepaid taxation		**1 217**	–	**24**	–
Cash resources		**275 566**	166 263	**11**	6
Total current assets		**1 595 335**	1 172 268	**23 010**	3 821
TOTAL ASSETS		**3 236 852**	2 557 914	**318 353**	232 786
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	8	**700**	700	**700**	700
Retained earnings		**1 993 142**	1 510 297	**157 454**	138 380
Other reserves	9	**98 879**	38 312	**99 299**	42 209
		2 092 721	1 549 309	**257 453**	181 289
Minority shareholders' interest		**39 363**	42 560	**–**	–
Total equity		**2 132 084**	1 591 869	**257 453**	181 289
Non-current liabilities					
Long-term borrowings	10	**6 035**	6 523	**–**	–
Loans from group companies				**44 000**	44 000
Deferred taxation	11	**345 181**	240 576	**16 363**	6 952
Long-term provisions	12	**59 298**	48 902	**–**	–
Total non-current liabilities		**410 514**	296 001	**60 363**	50 952
Current liabilities					
Trade and other payables	13	**332 911**	247 467	**124**	514
Taxation		**106 358**	27 676	**–**	27
Short-term provisions	14	**28 245**	15 735	**–**	–
Amounts due to group companies				**413**	4
Overdrafts and short-term borrowings	15	**226 740**	379 166	**–**	–
Total current liabilities		**694 254**	670 044	**537**	545
TOTAL EQUITY AND LIABILITIES		**3 236 852**	2 557 914	**318 353**	232 786

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

		GROUP		COMPANY	
		2005	2004	**2005**	2004
	Note	**R 000**	R 000	**R 000**	R 000
Revenue	16	**3 288 727**	2 331 324	**46 744**	17 199
Turnover		**3 093 944**	2 228 091	**–**	–
Cost of sales		**2 317 628**	1 850 832	**–**	–
Gross profit		**776 316**	377 259	**–**	–
Other operating income		**174 206**	92 822	**–**	–
Other operating expenses		**(157 502)**	(153 629)	**(1 064)**	(821)
Profit/(loss) from operations		**793 020**	316 452	**(1 064)**	(821)
Income from investments		**22 308**	18 342	**46 744**	17 199
Finance costs	17	**(21 721)**	(25 765)	**–**	–
Profit before taxation and State's share of profits	18	**793 607**	309 029	**45 680**	16 378
Taxation and State's share of profits	19	**252 545**	99 583	**6**	17
Profit after taxation and State's share of profits		**541 062**	209 446	**45 674**	16 361
Minority shareholders' share of profit		**31 617**	39 603		
Net profit for the year		**509 445**	169 843	**45 674**	16 361
Earnings per share (cents)	20	**1 819**	607		
Headline earnings per share (cents)	20	**1 834**	584		
Dividends declared per share (cents)	21	**95**	45	**95**	45

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

		GROUP		COMPANY	
	Note	**2005 R 000**	2004 R 000	**2005 R 000**	2004 R 000
Cash retained from/(utilised in) operating activities		**638 730**	224 618	**(117)**	785
Cash generated by/(utilised in) operations	22.1	**950 907**	410 458	**(1 064)**	(817)
Investment income	22.2	**5 625**	5 191	**46 940**	17 343
Movements in working capital	22.3	**(206 502)**	(124 647)	**(19 365)**	(2 941)
Cash generated by operating activities		**750 030**	291 002	**26 511**	13 585
Interest income		**16 900**	13 285	**21**	2
Finance costs		**(21 721)**	(25 765)	**–**	–
Taxation paid	22.4	**(79 887)**	(41 310)	**(57)**	(208)
Dividends paid	22.5	**(26 592)**	(12 594)	**(26 592)**	(12 594)
Cash (utilised in)/generated from investing activities		**(336 535)**	(230 931)	**122**	(785)
Acquisition of additional shares in a subsidiary company	22.6	**–**	–	**–**	(400)
Acquisition of listed investments		**–**	(2 406)	**–**	(2 406)
Additions to property, plant and equipment to maintain operations		**(290 324)**	(228 746)	**–**	–
Additions to property, plant and equipment to expand operations		**(52 937)**	(8 283)	**–**	–
Net movement in environmental rehabilitation trust funds		**(3 990)**	(956)	**–**	–
Proceeds on disposal of					
– property, plant and equipment		**10 594**	4 047	**–**	–
– subsidiary company		–	–	**–**	130
– listed investments		**–**	5 413	**–**	1 891
Proceeds on share repurchase		**122**	–	**122**	–
Cash (utilised in)/generated by financing activities		**(192 892)**	75 953	**–**	–
Movements in overdrafts and short-term borrowings		**(152 426)**	70 544	**–**	–
Movements in long-term borrowings		**(2 311)**	9 501	**–**	–
Dividends paid to minority shareholders		**(38 155)**	(4 092)	**–**	–
Increase in cash resources for the year		**109 303**	69 640	**5**	–
Cash resources at beginning of year		**166 263**	96 623	**6**	6
Cash resources at end of year		**275 566**	166 263	**11**	6

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2005

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
Share capital				
Balance at beginning and end of year	**700**	700	**700**	700
Other reserves				
Balance at beginning of year	**38 312**	28 759	**42 209**	26 875
Net increase in the market value of listed investments	**66 501**	18 064	**66 501**	18 064
Deferred capital gains taxation provided on revaluation of listed investments to market value	**(9 411)**	(2 730)	**(9 411)**	(2 730)
Foreign currency translation reserve arising on consolidation	**3 477**	(5 781)		
Balance at end of year	**98 879**	38 312	**99 299**	42 209
Retained earnings				
Balance at beginning of year	**1 510 297**	1 353 054	**138 380**	134 619
Net profit for the year	**509 445**	169 843	**45 674**	16 361
Net profit per income statement	**509 445**	169 607	**45 674**	16 361
IFRS conversion adjustment (refer note 1)	**–**	236	**–**	–
Ordinary dividends declared during the year No's 95 and 96 aggregating 95 cents per share (2004: 45 cents per share)	**(26 600)**	(12 600)	**(26 600)**	(12 600)
Balance at end of year	**1 993 142**	1 510 297	**157 454**	138 380
Per balance sheet	**2 092 721**	1 549 309	**257 453**	181 289

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements of the group and company are prepared on the historical cost basis, modified by the revaluation of certain financial instruments to fair value. Significant details of the company's and group's accounting policies are set out below which are consistent with those applied in the previous year except where otherwise indicated.

Statement of compliance

The consolidated financial statements of Assore Limited, and its joint venture and subsidiary companies have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of South Africa.

Change in accounting policy

The group has adopted the requirements of IFRS with retrospective effect to 1 July 2003. The adoption of IFRS 3 and IAS 36 has resulted in the group ceasing annual goodwill amortisation and testing for impairment annually at the cash-generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2005. The transitional provisions of IFRS 3 have required the group to eliminate at 1 January 2005 the carrying amount of the accumulated amortisation by R236 000 with a corresponding entry to goodwill.

Moreover, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Where an intangible asset has a finite life, it has been amortised over its useful life. Amortisation periods and methods for intangible assets with finite useful lives are reviewed annually or earlier where an indication of impairment exists. Intangibles assessed as having indefinite useful lives are not amortised, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the group. However, intangibles with indefinite useful lives are reviewed annually to ensure that the carrying value does not exceed the recoverable amount regardless of whether an indication of impairment is present, and to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets.

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 parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated.

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairments. Subsidiaries 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 intra-group transactions and balances are eliminated on consolidation. Unearned profits that arise between group entities are eliminated.

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.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation. Impairments to the value of property, plant and equipment are recognised at the time the recoverable amount of an asset is below its carrying amount. The recoverable amount is defined as the higher of fair value less costs to sell and the value in use. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back. Depreciation of the various types of assets is determined on the following bases:

1. ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Mineral and prospecting rights

Mineral rights which are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights which are not being depleted are not amortised. Mineral rights which have no commercial value are written off in full.

The excess purchase price over the fair value paid for mineral rights is recognised as being an amount paid for the acquisition of ore reserves. This amount is capitalised and amortised over the period during which future economic benefits are expected to be obtained from these mineral rights, up to a maximum period of 25 years.

Land, buildings and mine properties

Land and township property are not depreciated. Owner occupied properties which are designed for a specific use are depreciated to an estimated residual value on a straight-line basis over their estimated useful lives. The annual depreciation rates used vary between 2% and 10%.

Investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Mine 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 amortised over the lesser of its estimated useful life which is estimated at five years, and the units-of-production method based on estimated proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant and equipment is depreciated over its useful life up to a maximum of 25 years.

Prospecting, exploration, mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, are capitalised and amortised over a maximum period of 25 years using the straight-line method of depreciation. Development costs to maintain production are expensed as incurred.

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures, research programmes and other related projects. The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditure is capitalised and amortised in the same way as mining assets (refer below). Where it is subsequently found that no potential exists to develop a mine, the capitalised costs are written off in full.

Mine development and decommissioning assets are amortised using the lesser of its estimated useful life or the units-of-production method based on proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. Where the reserves are not determinable due to their scattered nature, the straight-line method of amortisation is applied based on the estimated life of the mine. The maximum period of amortisation using these methods is 25 years.

Vehicles, furniture and office equipment

Vehicles, furniture and office equipment are reflected at cost less accumulated depreciation calculated on the straight-line basis over their expected useful lives, to estimated residual values.

Vehicles, furniture and office equipment are depreciated at rates varying between 10% and 33%.

1. ACCOUNTING POLICIES (continued)

Leased assets

Leases of fixed and tangible 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 inception 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 operating profit, and the capital repayment which reduces the liability to the lessor. These assets are depreciated on the same basis as the fixed assets owned by the group.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised until such time that the asset is commissioned. Thereafter, these costs together with other borrowing costs are expensed. Discounts or premiums relating to borrowings are deferred and amortised over the terms of the respective borrowing.

Intangible assets

Intangible assets represent licence and technical information, and goodwill.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life 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 tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development costs

Expenditure on research projects (or on the research phase of an internal project) is recognised as an expense when it is incurred. When the development phase of a project demonstrates that it is probable that future economic benefits will be generated, the related expenditure is recognised as an asset if all of the following conditions are present:

- the technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- there is an intention to complete the asset, and use or sell it;
- there is an ability to use or sell the asset;
- there are adequate technical, financial and other resources available to complete the development, and to use or sell the asset; and
- the expenditure attributable to the asset can be measured reliably.

1. ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Research and development costs (continued)

Development costs are initially recognised at cost and amortised over the period of expected future sales from the related project. Following initial recognition it is carried at cost less any accumulated amortisation and accumulated impairment losses. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the year.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or joint venture at date of acquisition. 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.

Impairment of assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Environmental rehabilitation expenditure

The estimated cost of final rehabilitation, comprising liability for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually.

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.

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. Decommissioning costs capitalised are amortised using the lesser of its 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 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 makes 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 are determined in accordance with statutory requirements, on the basis of the estimated environmental obligation divided by the remaining life of a mine. Income earned on monies paid to the Trust is accounted for as net investment income.

1. **ACCOUNTING POLICIES (continued)**

Financial instruments

The group's financial instruments consist primarily of cash on hand, balances with banks, deposits on call, money-market instruments, derivative instruments, trade and other receivables, trade payables, borrowings and investments other than those in subsidiary, associate or joint venture companies. The initial recognition of financial instruments is at cost and subsequent recognition is at fair value or amortised cost. Recognition methods adopted are disclosed in the policy statements for each item.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, listed investments, other than investments in jointly controlled entities and subsidiaries, are classified as available-for-sale financial assets and are disclosed at fair value which equates with market value. Gains and losses on subsequent measurement are recognised against other reserves until the investment is disposed of, or its original cost considered to be impaired, at which time the cumulative gain previously reported in equity and the impairment of the cost, where considered permanent, is taken in the income statement.

Financial investments

The book value of cash deposits with banks and money-market instruments approximates their fair value. Negotiable instruments are recorded initially at cost and marked to market at reporting intervals. Any gain or loss arising from marking to market or a change from cost to fair value is included in the determination of other operating income.

Trade and other receivables

Trade and other receivables is stated at the gross invoice value adjusted for payments received and, where appropriate, provision for doubtful debts to reflect the fair value of the expected economic benefit.

Trade and other payables

Trade and other payables are stated at the initial recognised obligation less payments made and any adjustments made to reflect the fair value of the expected economic outflow of resources.

Foreign currency translation

The consolidated financial statements are presented in rands, which is the company's functional and presentation currency.

Foreign currency balances

Transactions in foreign currencies are converted to South African rand 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 rand at the approximate rates ruling at that date. Foreign exchange gains or losses arising from foreign exchange transactions are included in the determination of net profit.

Foreign entities

The assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised 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.

1. ACCOUNTING POLICIES (continued)

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. Cost is determined using the following bases:

- Raw materials are valued at weighted average cost.
- Consumables and maintenance spares are valued at weighted average cost.
- Finished products are valued at weighted average cost including an appropriate allocation of direct overhead costs.
- Slow moving stocks are valued at the lower of actual cost of production and estimated net realisable value.

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.

Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date 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 goodwill impairment 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, associates and interests in joint ventures, except 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, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses 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, associates 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 balance sheet 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 balance sheet date.

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax (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
- receivables and payables are stated with the amount of value added tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Secondary taxation on companies

Secondary tax on companies (STC) is recognised on the declaration date of all dividends 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.

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 the group has no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of 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 net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

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 are also considered in the recognition of revenue.

Turnover

Turnover represents the F.O.B. or C.I.F. sales value of ores and alloys exported and the F.O.R. sales value of ores and alloys sold locally.

Technical fees and commissions on sales

Revenue from technical fees and commissions on sales are recognised on the date when the risk passes in the underlying transaction.

Ores and alloys

Revenue from the sale of ores and alloys is recognised on the date when the significant risks and rewards of ownership in the goods have passed to the buyer.

1. ACCOUNTING POLICIES (continued)

Revenue (continued)

Interest

Interest accrues using the effective interest rate method.

Dividends received

Dividends received are recognised when the shareholders' right to recover the payment is established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term on ongoing leases.

Dividends paid

Dividends paid are only reflected in the financial statements if they were declared in the current financial period.

Post employment benefits

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. Contributions to defined benefit plans are determined actuarially based on best estimates of service costs and are charged to income as incurred. Past service costs and the effects of amendments to defined benefit plans are charged to income over the remaining working lives of current employees and are charged immediately in the case of retired employees. Actuarial gains and losses are accounted for in the period of origination. Current service contributions in respect of defined contribution pension plans are expensed as incurred.

Definitions

Cost of sales

Cost of sales includes the historical costs of inventory which was expensed during the period or written down to net realisable value.

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 outside shareholders' interests but before exceptional items, divided by the weighted number of shares in issue 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 circulars issued by the South African Institute of Chartered Accountants in 2002. Adjustments against earnings are made after taking into account attributable taxation and minority 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 with current liabilities on the balance sheet.

	Cost 2005 R 000	Accumulated depreciation and amortisation 2005 R 000	Carrying amount 2005 R 000	Cost 2004 R 000	Accumulated depreciation and amortisation 2004 R 000	Carrying amount 2004 R 000
2. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES						
At year end (group only)						
Mining assets						
Mineral and prospecting rights	**68 819**	**14 983**	**53 836**	82 880	7 305	75 575
Land, buildings and mine properties	**205 597**	**46 747**	**158 850**	150 342	36 236	114 106
Plant and equipment	**721 373**	**268 425**	**452 948**	629 669	215 586	414 083
Prospecting, exploration, mine development and decommissioning	**633 249**	**99 373**	**533 876**	489 791	64 158	425 633
Vehicles, furniture and office equipment	**172 218**	**98 389**	**73 829**	134 384	75 196	59 188
Leased assets capitalised	**9 795**	**2 306**	**7 489**	9 877	432	9 445
	1 811 051	**530 223**	**1 280 828**	1 496 943	398 913	1 098 030
Other assets						
Land and buildings	**53 046**	**–**	**53 046**	52 786	–	52 786
Township property	**7 318**	**7 318**	**–**	7 318	7 318	–
Industrial property	**10 128**	**1 949**	**8 179**	9 830	1 559	8 271
Plant and equipment	**61 766**	**22 385**	**39 381**	52 768	16 216	36 552
Vehicles, furniture and office equipment	**22 126**	**15 084**	**7 042**	19 060	12 089	6 971
Intangible assets	**6 464**	**3 009**	**3 455**	6 463	2 645	3 818
	160 848	**49 745**	**111 103**	148 225	39 827	108 398
	1 971 899	**579 968**	**1 391 931**	1 645 168	438 740	1 206 428

Notes

Intangibles consist of licences, technical information and goodwill.

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

Exchange differences for the year arising on the translation at year end of the property, plant and equipment of a foreign subsidiary amounted to R31 012 (2004: R131 003).

Leased assets

Vehicles with a carrying amount of R7 489 173 (2004: R9 445 372) is encumbered as security for the finance lease agreements referred to in note 10.

Borrowing costs

Borrowing costs amounting to R1 674 915 (2004: R8 338 960) were capitalised in respect of the year to 30 June 2005 (refer note 17). Borrowing costs are capitalised at effective rates applicable on group borrowings during the year.

Capital work-in-progress

Included in mine development and plant and machinery above is R121,2 million (2004: R323,6 million) of assets relating to projects in progress from which no revenue is currently derived.

	Cost			Accumulated depreciation and amortisation			
	Opening balance R 000	Acquisitions R 000	Reclassifications, impairments and disposals R 000	Opening balance R 000	Current charge R 000	Reclassifications and disposals R 000	**Carrying amount 2005 R 000**
2. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES (continued)							
2005							
Movement for the year (group only)							
Mining assets							
Mineral and prospecting rights	82 880	–	(14 061)	7 305	7 678	–	**53 836**
Land, buildings and mine properties	150 342	54 432	822	36 235	10 872	(361)	**158 850**
Plant and equipment	629 669	90 672	1 032	215 586	52 884	(45)	**452 948**
Prospecting, exploration, mine development and decommissioning	489 791	143 936	(478)	64 158	35 212	3	**533 876**
Vehicles, furniture and office equipment	134 384	40 611	(2 776)	75 197	24 219	(1 026)	**73 829**
Leased assets capitalised	9 877	–	(82)	432	1 941	(67)	**7 489**
	1 496 943	329 651	(15 543)	398 913	132 806	(1 496)	**1 280 828**
Other assets							
Land and buildings	52 786	260	–	–	–	–	**53 046**
Township property	7 318	–	–	7 318	–	–	**–**
Industrial property	9 830	615	(316)	1 559	391	–	**8 179**
Plant and equipment	52 768	9 037	(39)	16 216	6 204	(35)	**39 381**
Vehicles, furniture and office equipment	19 060	3 698	(632)	12 089	3 406	(411)	**7 042**
Intangible assets	6 463	–	–	2 645	354	9	**3 455**
	148 225	13 610	(987)	39 827	10 355	(437)	**111 103**
	1 645 168	343 261	(16 530)	438 740	143 161	(1 933)	**1 391 931**
2004							
Movement for the year (group only)							
Mining assets							
Mineral and prospecting rights	82 880	–	–	5 368	1 937	–	**75 575**
Land, buildings and mine properties	127 878	23 691	(1 227)	29 012	7 968	(744)	**114 106**
Plant and equipment	588 915	52 036	(11 282)	188 882	37 986	(11 282)	**414 083**
Prospecting, exploration, mine development and decommissioning	374 449	119 353	(4 011)	56 977	11 192	(4 011)	**425 633**
Vehicles, furniture and office equipment	132 781	21 745	(20 142)	76 054	18 983	(19 841)	**59 188**
Leased assets capitalised	176	9 701	–	138	294	–	**9 445**
	1 307 079	226 526	(36 662)	356 431	78 360	(35 878)	**1 098 030**
Other assets							
Land and buildings	53 359	308	(881)	–	–	–	**52 786**
Township property	7 318	–	–	7 318	–	–	**–**
Industrial property	9 830	–	–	1 167	392	–	**8 271**
Plant and equipment	45 310	7 457	1	11 867	4 349	–	**36 552**
Vehicles, furniture and office equipment	15 899	2 738	422	9 941	2 537	(390)	**6 971**
Intangible assets	7 980	–	(1 516)	3 770	392	(1 516)	**3 818**
	139 696	10 503	(1 974)	34 063	7 670	(1 906)	**108 398**
	1 446 775	237 029	(38 636)	390 494	86 030	(37 784)	**1 206 428**

		GROUP		COMPANY	
		2005	2004	**2005**	2004
		R 000	R 000	**R 000**	R 000
3.	**ENVIRONMENTAL REHABILITATION TRUST FUNDS**				
	Balance at beginning of year	**13 503**	12 547		
	Contributions received during the year	**2 963**	2 002		
	Interest received	**1 027**	1 080		
	Withdrawals made	**–**	(2 126)		
	Balance at end of year	**17 493**	13 503		
4.	**INVESTMENT IN GROUP COMPANIES**				
	Joint venture entity			**60 810**	60 810
	Subsidiary companies			**2 440**	2 440
				63 250	63 250
	Investment in joint venture entity				
	Assmang Limited (refer note 5)				
	1 620 214 (2004: 1 620 214) ordinary shares				
	At cost			**60 810**	60 810
	At market value			**4 212 556**	1 782 235
	Investment in subsidiary companies (refer note 29)				
	Shares at cost			**2 440**	2 440
	Current accounts receivable			**22 975**	2 652
	Current accounts payable			**(413)**	(4)
	Loan accounts payable			**(44 000)**	(44 000)
				(21 438)	(41 352)

The loans due to subsidiary companies are interest free and have no fixed repayment dates.

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
5. INVESTMENT IN JOINT VENTURE ENTITY				
A 45,66% interest in Assmang Limited (refer note 4), which is controlled jointly with African Rainbow Minerals Limited (ARM).				
Included in the group financial statements are the following amounts relating to the joint venture, which were proportionately consolidated.				
Income statement				
Turnover	**2 012 124**	1 508 948		
Cost of sales	**(1 331 841)**	(1 251 404)		
Other operating income	**13 458**	10 103		
Other operating expenses	**(30 341)**	(88 505)		
Income from investments	**1 074**	792		
Finance costs	**(18 685)**	(23 626)		
Profit before taxation and State's share of profits	**645 789**	156 308		
Balance sheet				
Property, plant, equipment and intangibles	**1 268 836**	1 093 778		
Environmental rehabilitation trust funds	**11 660**	8 501		
Current assets	**1 023 136**	801 489		
Current liabilities – interest bearing	**73 428**	336 622		
– non-interest bearing	**321 514**	160 291		
Long-term borrowings – interest bearing	**6 035**	6 523		
Deferred taxation	**333 629**	238 641		
Long-term provisions	**44 472**	29 147		
Distributable reserves	**1 463 746**	1 071 733		
Cash flows				
Cash retained from operating activities	**576 377**	115 094		
Cash utilised in investing activities	**(299 027)**	(206 345)		
Cash (utilised in)/generated by financing activities	**(263 683)**	94 351		
Cash resources	**18 212**	4 544		
Commitments				
Future capital expenditure:				
– contracted for	**83 649**	51 435		
– not contracted for	**123 835**	150 157		
	207 484	201 592		

Contingent liabilities

Contingent liabilities relating to the group's interest in the joint venture are referred to in note 26.

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
6. AVAILABLE-FOR-SALE INVESTMENTS				
Listed – at market value	**231 968**	165 590	**231 968**	165 590
Unlisted – at director's valuation	**125**	125	**125**	125
	232 093	165 715	**232 093**	165 715
Listed – at cost	**116 307**	116 429	**116 307**	116 429
A register containing details of investments held by the group is available for inspection at the registered office of the holding company.				
7. INVENTORIES				
Raw materials	**315 571**	242 722		
Consumable stores	**35 922**	32 099		
Finished goods	**344 107**	246 071		
	695 600	520 892	**–**	–
Inventory written down to net realisable value included above	**24 201**	–	**–**	–
8. SHARE CAPITAL				
Authorised				
40 000 000 (2004: 40 000 000) ordinary shares of 2,5 cents each	**1 000**	1 000	**1 000**	1 000
Issued				
28 000 000 (2004: 28 000 000) ordinary shares of 2,5 cents each	**700**	700	**700**	700
9. OTHER RESERVES				
Foreign currency translation reserve	**(420)**	(3 897)	**–**	–
Arising on the revaluation of listed investments	**99 299**	42 209	**99 299**	42 209
Surplus on the revaluation of listed investments	**115 662**	49 161	**115 662**	49 161
Less: deferred capital gains taxation on revaluation	**(16 363)**	(6 952)	**(16 363)**	(6 952)
	98 879	38 312	**99 299**	42 209

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
10. LONG-TERM BORROWINGS				
Secured Finance lease liabilities over mining vehicles with a carrying amount of R7 489 173 (2004: R9 445 372) are repayable in varying monthly instalments over 60 months (2004: 60 months)	**7 858**	9 502	**–**	–
Less: repayable within one year included in short-term borrowings (refer note 15)	**(1 823)**	(2 979)	**–**	–
	6 035	6 523	**–**	–

Interest rates and loan repayments

	Rate of interest	Total borrowings	Repayable during the year ending 30 June				
Group 2005	**%**	**2005 R 000**	**2006 R 000**	**2007 R 000**	**2008 R 000**	**2009 R 000**	**2010 R 000**
Secured – finance lease liabilities	1,75% below the prime overdraft rate	**7 858**	**1 823**	**1 990**	**2 171**	**1 873**	**1**
Group 2004	%	2004 R 000	2005 R 000	2006 R 000	2007 R 000	2008 R 000	2009 R 000
Secured – finance lease liabilities	1,75% below the prime overdraft rate	9 502	2 979	1 801	1 986	2 188	548

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
11. DEFERRED TAXATION				
At year end				
Raised on the following differences:				
Accelerated capital allowances	**350 620**	254 498	**–**	–
Assessed losses utilised	**–**	(4 373)	**–**	–
Provisions	**(17 699)**	(16 367)	**–**	–
Valuation of inventories	**(4 371)**	23	**–**	–
Valuation of listed investments	**16 363**	6 952	**16 363**	6 952
Other	**268**	(157)	**–**	–
	345 181	240 576	**16 363**	6 952

	GROUP		COMPANY	
	2005 R 000	2004 R 000	**2005 R 000**	2004 R 000
11. DEFERRED TAXATION (continued)				
Movements				
Balance at beginning of year	**240 577**	198 251	**6 952**	4 222
– Deferred tax assets	**12 736**	11 183	**–**	–
– Deferred tax liabilities	**253 313**	209 434	**6 952**	4 222
	104 604	42 325	**9 411**	2 730
Reduction due to decrease in tax rate	**(6 765)**	–	**–**	–
Accelerated capital allowances	**104 280**	45 783	**–**	–
Assessed losses	**1 323**	(2 189)	**–**	–
Provisions made	**(1 585)**	(5 306)	**–**	–
Valuation of inventories	**(3 341)**	1 501	**–**	–
Revaluation of listed investments	**9 411**	2 730	**9 411**	2 730
Other	**1 281**	(194)	**–**	–
Balance at end of year	**345 181**	240 576	**16 363**	6 952
– Deferred tax assets	**6 134**	12 736	**–**	–
– Deferred tax liabilities	**351 315**	253 312	**16 363**	6 952
12. LONG-TERM PROVISIONS				
Environmental obligations				
Provision for decommissioning costs	**26 537**	13 026		
Balance at beginning of year	**13 026**	10 230		
Provisions raised during the year	**3 138**	1 975		
Charged to interest paid	**1 282**	821		
Other	**9 091**	–		
Provision for restoration costs	**20 046**	13 314		
Balance at beginning of year	**13 314**	3 059		
Provisions raised during the year	**6 523**	9 310		
Charged to interest paid	**209**	945		
	46 583	26 340		
Post-retirement health care benefits (refer note 30)				
Balance at beginning of year	**22 562**	22 123		
Provision for the year	**2 718**	439		
	25 280	22 562		
Less: repayable within one year (refer note 14)	**(12 565)**	–		
	12 715	22 562		
Balance at end of year	**59 298**	48 902		
Environmental obligations before funding (as above)	**46 583**	26 340		
Less: Amounts contributed to the environmental trust funds	**17 493**	13 503		
Obligation provided for but unfunded	**29 090**	12 837		

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
13. TRADE AND OTHER PAYABLES				
Trade payables	**321 133**	202 371	**124**	514
Other payables	**11 778**	45 096	**–**	–
	332 911	247 467	**124**	514
14. SHORT-TERM PROVISIONS				
Balance at beginning of year	**15 735**	12 161	**–**	–
Provisions raised for the year	**4 464**	6 089	**–**	–
Payments made during the year	**(4 519)**	(2 515)	**–**	–
Repayable within one year transferred from long-term provisions	**12 565**	–	**–**	–
Balance at end of year	**28 245**	15 735	**–**	–
Made up as follows:				
Bonuses				
Balance at beginning of year	**1 520**	1 266		
Provisions raised	**1 632**	1 520		
Payments made during the year	**(1 520)**	(1 266)		
Balance at end of year	**1 632**	1 520	**–**	–
Leave-pay				
Balance at beginning of year	**11 665**	8 834		
Provisions raised	**2 832**	4 080		
Payments made during the year	**(1 249)**	(1 249)		
Balance at end of year	**13 248**	11 665	**–**	–
Pension fund contributions				
Balance at beginning of year	**2 550**	2 061		
Provisions raised	**–**	489		
Payments made during the year	**(1 750)**	–		
Balance at end of year	**800**	2 550	**–**	–
Post retirement health care benefits				
Short-term portion of long-term provision (refer note 12)	**12 565**	–		
	28 245	15 735	**–**	–

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
15. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts and short-term borrowings (unsecured)	**224 917**	376 187		
Current portion of long-term borrowings (refer note 10)	**1 823**	2 979		
	226 740	379 166	**–**	–
Overdrafts and short-term borrowings are repayable on demand.				
16. REVENUE				
Revenue comprises:				
Mining and other related products	**3 093 944**	2 228 091		
Technical fees and commission on sales	**94 910**	74 954		
Income from investments	**22 308**	18 342	**46 744**	17 199
Other operating income	**77 565**	9 937	**–**	–
	3 288 727	2 331 324	**46 744**	17 199
17. FINANCE COSTS				
Finance costs incurred	**23 396**	34 104		
Less: amounts capitalised	**1 675**	8 339		
	21 721	25 765	**–**	–
18. 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				
Dividends received	**5 408**	5 057	**46 723**	17 209
Listed joint venture entity			**41 315**	12 152
Other listed investments	**5 408**	5 057	**5 408**	5 057
Interest received	**16 900**	13 285	**21**	2
Profit/(loss)on disposal of				
– listed investments	**–**	3 506	**–**	(16)
– property, plant and equipment	**1 460**	3 196	**–**	–
Realised foreign exchange gains	**39 445**	3 363	**–**	–
Unrealised foreign exchange gains	**33 270**	1 080	**–**	–

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
18. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS (continued)				
Expenditure				
Amortisation of intangible assets	**354**	392	**–**	–
Auditors' remuneration	**2 466**	2 610	**46**	45
– Audit fees	**2 378**	2 302	**46**	45
– Other services	**88**	308		
Consumables stores written off	**9 279**	1 166	**–**	–
Depreciation of mining assets	**132 806**	78 360	**–**	–
– Mineral and prospecting rights	**7 678**	1 937		
– Land, buildings and mining properties	**10 872**	7 968		
– Plant and machinery	**52 884**	37 986		
– Prospecting, exploration, mine development and decommissioning	**35 212**	11 192		
– Vehicles, furniture and office equipment	**24 219**	18 983		
– Leased assets capitalised	**1 941**	294		
Depreciation of other assets	**10 001**	7 278	**–**	–
– Industrial property	**391**	392		
– Plant and machinery	**6 204**	4 349		
– Vehicles, furniture and office equipment	**3 406**	2 537		
Directors' emoluments (refer director's report)			**22 834**	16 680
– directors' fees			**678**	578
– other services			**22 156**	16 102
Exploration expenditure	**743**	2 733	**–**	–
Impairment of goodwill	**–**	303	**–**	–
Loss on disposal and scrapping of property, plant and equipment	**5 460**	–	**–**	–
Operating lease expenses	**559**	594	**–**	–
Professional fees	**3 788**	5 466	**–**	–
Provision for doubtful debts and bad debts written off	**358**	854	**–**	–
Realised foreign exchange losses	**4 490**	12 135	**–**	–
Transfer secretary fees	**183**	172	**183**	172
Staff costs				
– salaries and wages (includes directors' emoluments)	**246 032**	247 496	**–**	–
– medical aid contributions	**11 798**	10 385	**–**	–
– pension fund contributions	**18 647**	15 726	**–**	–
– post retirement health care costs	**7 039**	439	**–**	–
Unrealised foreign exchange losses	**111**	5 043	**–**	–

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
19. TAXATION AND STATE'S SHARE OF PROFITS				
South African normal tax				
– current year	**138 346**	57 720	**6**	46
– prior year (over)/under provisions	**(2 690)**	89	**–**	(29)
State's share of profits	**16 530**	658		
Deferred taxation				
– temporary differences	**102 070**	39 597		
– adjustment for decrease in tax rate	**(6 876)**	–		
Secondary tax on companies	**5 165**	1 519		
	252 545	99 583	**6**	17
The current tax charge is affected by non-taxable investment income, capital redemption allowances and assessed 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 joint venture and subsidiary companies	**39 458**	32 718		
Estimated unredeemed capital expenditure available for reduction of future taxable income of mining operations arising in certain joint venture and subsidiary companies	**111 707**	273 076		
The Assore group has unused credits in respect of secondary tax on companies of R51,6 million (2004: R57,0 million).				
Reconciliation of tax rate	**%**	%	**%**	%
Standard tax rate	**29,00**	30,00	**29,00**	30,00
Adjusted for:				
Reduction in tax rate	**(0,87)**	–	**–**	–
Dividend income	**(0,20)**	(0,49)	**(29,66)**	(31,52)
Exempt income	**(0,09)**	(1,28)	**–**	–
(Over)/under provisions prior years	**(0,34)**	0,03	**–**	(0,18)
State's share of profits	**2,08**	0,21	**–**	–
Disallowable expenditure	**0,20**	0,61	**0,58**	1,36
Secondary tax on companies	**0,65**	0,49	**–**	–
Other	**1,39**	2,68	**0,09**	0,43
Effective tax rate	**31,82**	32,25	**0,01**	0,09

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
20. EARNINGS AND HEADLINE EARNINGS PER SHARE				
Calculation of earnings and headline earnings per share was determined using the following information:				
Earnings				
Net profit per income statement	**509 445**	169 843		
Headline earnings				
Net profit as above	**509 445**	169 843		
Adjusted for:				
Profit on disposal of:				
– listed investments	**–**	(3 506)		
– property, plant and equipment	**(1 460)**	(3 196)		
Loss on disposal and scrapping of property, plant and equipment	**5 460**	–		
Impairment of goodwill	**–**	303		
Headline earnings	**513 445**	163 444		
Number of shares in issue	**28 000**	28 000		
Earnings per share (cents)	**1 819**	607		
Headline earnings per share (cents)	**1 834**	584		
21. DIVIDENDS				
Ordinary – declared	**26 600**	12 600	**26 600**	12 600
Per share (cents)	**95**	45	**95**	45
Ordinary – paid	**56 000**	18 200	**56 000**	18 200
Per share (cents)	**200**	65	**200**	65

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
22. NOTES TO THE CASH FLOW STATEMENTS				
22.1 Cash generated by/(utilised in) operations				
Profit before taxation and State's share of profits	**793 607**	309 029	**45 680**	16 378
Adjusted for:				
	157 300	101 429	**(46 744)**	(17 195)
– Dividends received	**(5 408)**	(5 057)	**(46 723)**	(17 209)
– Interest received	**(16 900)**	(13 285)	**(21)**	(2)
– Profit on disposal of property, plant and equipment	**(1 460)**	(3 196)	**–**	–
– (Profit)/loss on disposal of investments	**–**	(3 506)	**–**	16
– Unrealised foreign exchange gains	**(33 270)**	(1 080)		
– Provision for doubtful debts and bad debts written off	**358**	854	**–**	–
– Consumables stores written off	**9 279**	1 166	**–**	–
– Depreciation on property, plant and equipment	**142 807**	85 638	**–**	–
– Loss on disposal and scrapping of property, plant and equipment	**5 460**	–	**–**	–
– Unrealised foreign exchange losses	**111**	5 043	**–**	–
– Finance costs	**21 721**	25 765	**–**	–
– Movements in long-term provisions	**22 961**	14 038	**–**	–
– Movements in short-term provisions	**4 464**	6 089	**–**	–
– Amortisation of intangibles and goodwill	**354**	392	**–**	–
– Foreign currency translation reserve	**6 819**	(11 336)	**–**	–
– Other non-cash flow items	**4**	(96)	**–**	–
	950 907	410 458	**(1 064)**	(817)
22.2 Investment income				
Dividends receivable at beginning of year	**217**	351	**217**	351
Credited to the income statements	**5 408**	5 057	**46 723**	17 209
Dividends receivable at end of year	**–**	(217)	**–**	(217)
	5 625	5 191	**46 940**	17 343

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
22. NOTES TO THE CASH FLOW STATEMENTS (continued)				
22.3 Movements in working capital				
Increase in inventories	**(183 987)**	(52 926)	**–**	–
(Increase)/decrease in trade and other receivables	**(105 168)**	(117 283)	**946**	(386)
Decrease /(increase) in amounts owing by joint venture partners	**24**	(9 529)	**–**	–
Increase in amounts owing by group companies	**–**	–	**(19 914)**	(2 957)
Increase/(decrease) in trade and other payables	**87 148**	57 606	**(397)**	402
Payments against provisions	**(4 519)**	(2 515)	**–**	–
	(206 502)	(124 647)	**(19 365)**	(2 941)
22.4 Taxation paid				
Unpaid at beginning of year	**(27 676)**	(8 998)	**(27)**	(218)
Charged to the income statements	**(252 545)**	(99 583)	**(6)**	(17)
Movement in deferred taxation	**95 193**	39 595	**–**	–
Unpaid/(prepaid) at end of year	**105 141**	27 676	**(24)**	27
	(79 887)	(41 310)	**(57)**	(208)
22.5 Dividends paid				
Unpaid at beginning of year	**(68)**	(62)	**(68)**	(62)
Paid during the year	**(26 600)**	(12 600)	**(26 600)**	(12 600)
Unpaid at end of year	**76**	68	**76**	68
	(26 592)	(12 594)	**(26 592)**	(12 594)
22.6 Acquisition of additional shares in a subsidiary company				
Purchase price			**–**	400
Less: cash			**–**	(12)
	–	–	**–**	388
Represented by:				
Goodwill			**–**	394
Property, plant and equipment			**–**	42
Inventories			**–**	127
Accounts receivable			**–**	96
Accounts payable			**–**	(10)
Provisions			**–**	(36)
Group companies			**–**	(225)
	–	–	**–**	388

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The group is exposed to various financial risks related to the use of financial instruments in the normal course of its operations, however it does not acquire, hold or issue any derivative instruments for speculative purposes. A treasury risk management committee has been established by the group which manages these risks in accordance with the policies itemised below:

Currency risk

The group's markets are predominantly priced in US dollars and to a lesser extent Euro, which exposes the group's cash flows to foreign exchange currency risks. Where considered appropriate, these risks are hedged using foreign exchange contracts. The extent to which foreign currency receivables are hedged by forward exchange contracts is continuously reviewed in accordance with changes in operational forecasts and prevailing market conditions.

The group's exposure in this regard at year end was as follows:

Forward exchange contracts open at year end	R000	Principal amount of forward exchange contracts Foreign currency amount 000	Average exchange rate	Maturity date
2005				
Sales	90 452	US$ 13 705	6,60	1 July 05 – 30 March 06
2004				
Purchases	17 527	US$ 2 765	6,34	30 September 04 – 7 October 04
Purchases	1 030	AU$ 237	4,35	30 September 04 – 11 February 05

Set out below is a summary of foreign debtors at the year end which are included in trade and other receivables in the balance sheet, none of which were covered by foreign exchange contracts.

	2005 R 000	2004 R 000
Foreign debtors at year end		
US dollar denominated	**331 139**	231 252
Euro denominated	**170 714**	166 154
	501 853	397 406

Credit risk

Credit risk arises from possible defaults on payments by customers or bank counterparties where letters of credit have been issued. The group minimises credit risk by careful evaluation of the ongoing credit worthiness of the customers and bank counterparties before transactions are concluded. Only banking institutions with acceptable credit ratings are considered, and where amounts are material, the amounts are distributed appropriately among these institutions to minimise credit risk by diversification.

At year end, the group did not consider that there was any significant concentration of credit risk which had not been adequately provided for.

Fair value risk

The estimated fair value of the group's financial instruments which is based on relevant market information is compared with the carrying amount on an ongoing basis, and as at 30 June 2005, carrying amount approximated fair value. As market information is involved in making assumptions, estimated fair value is determined as accurately as the relevant market information will permit.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk arises through the impact which interest rate fluctuations have on the return on short-term cash investments and the cost of financing activities. Interest rates are continually monitored based on relevant updated information. Cash is managed to ensure that surplus funds are invested in a manner which is aimed at achieving maximum returns, while minimising risks, and borrowing rates are optimised.

The group was exposed to the following interest rate risks at year end:

	Carrying amount at year end R 000	Maturity date	Effective interest rate
Financial assets			
Year ended 30 June 2005			
Cash – financial institutions	**275 566**	**Current**	**Overnight call deposit**
Year ended 30 June 2004			
Cash – financial institutions	166 263	Current	Overnight call deposit

	Foreign currency amount US dollar 000	Carrying amount at year end R 000	Maturity date	Effective interest rate
Financial liabilities				
Year ended 30 June 2005				
Local long-term borrowings – Finance leases	**–**	**6 035**	**2010**	**1,75% below the prime interest rate**
Local short-term borrowings – Financial institutions	**–**	**73 428**	**Current**	**Linked to money market**
Foreign short-term borrowings – Financial institutions	**23 050**	**153 312**	**Current**	**Linked to LIBOR**
	23 050	**232 775**		
Year ended 30 June 2004				
Local long-term borrowings – Finance leases	–	6 523	2009	1,75% below the prime interest rate
Local short-term borrowings – Financial institutions	–	336 622	Current	Linked to money market
Foreign short-term borrowings – Financial institutions	6 900	42 544	Current	Linked to LIBOR
	6 900	385 689		

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency as they fall due. This risk is controlled and monitored by the preparation of detailed cash flow forecasts and budgets which are regularly reviewed by management. Banking facilities are established in advance with reputable banks to ensure that any forecast cashflow shortfalls can be met from borrowings.

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	R 000	R 000	**R 000**	R 000
24. COMMITMENTS				
Capital				
Expenditure authorised but not contracted for	**129 404**	150 242		
Expenditure authorised and contracted for	**88 727**	53 945		
	218 131	204 187	**–**	–
It is anticipated that this expenditure which relates wholly to plant and equipment will be incurred over a one year period and will be financed from own resources and borrowing facilities.				
Operating lease commitments				
Future minimum rentals payable under non-cancellable operating leases over premises and equipment are payable as follows:				
Within one year	**575**	592		
After one year but not more than five years	**785**	1 199		
	1 360	1 791	**–**	–
Other				
Forward commitments entered into by a foreign subsidiary with regard to its inventory of ores, alloys and metals:				
Purchases US dollar 15 500 (2004: US dollar 14 100)	**99 333**	96 027	**–**	–
Sales US dollar 45 600 (2004: US dollar 46 900)	**292 230**	319 408	**–**	–
25. BORROWING CAPACITY				
The borrowing capacity of the company, its joint venture and subsidiaries, in terms of its Articles of Association are as follows:				
Assore Limited				
Authorised in terms of the Articles of Association	**200 000**	200 000	**200 000**	200 000
External borrowings at year end	**–**	–	**–**	–
Unutilised borrowing capacity	**200 000**	200 000	**200 000**	200 000
Assmang Limited				
Authorised in terms of the Articles of Association	**1 524 557**	1 132 543	**–**	–
External borrowings at year end				
– long-term borrowings	**6 035**	6 523	**–**	–
– overdrafts and short-term borrowings	**73 428**	336 622	**–**	–
Unutilised borrowing capacity	**1 445 094**	789 398	**–**	–
The borrowing capacity of Assmang is limited to the aggregate of the issued and paid up share capital, the share premium of the company and the consolidated retained earnings.				
Minerais LLC				
Authorised in terms of the Articles of Association	**199 539**	123 316	**–**	–
External borrowings at year end				
– overdrafts and short-term borrowings	**153 312**	42 544	**–**	–
Unutilised borrowing capacity	**46 227**	80 772	**–**	–

	GROUP		COMPANY	
	2005 R 000	2004 R 000	**2005 R 000**	2004 R 000
26. CONTINGENT LIABILITIES				
Holding company				
Holding company guarantees issued to bankers as security for facilities provided to subsidiary companies	**246 098**	166 477	**246 098**	166 477
Performance guarantees issued to customers by subsidiary companies	**21 149**	18 869	**–**	–
	267 247	185 346	**246 098**	166 477

The holding company has also issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2004: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the group holds a 45,66% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility.

Joint venture company

A termination account of a contractor that went into liquidation in 2004 before contract completion, is in dispute. This account deals with claims and counterclaims between Assmang and the contractor in liquidation. The ultimate outcome of the matter cannot presently be determined and the directors are of the opinion that no provision for any liability that may accrue needs to be provided for in these results.

27. SEGMENT INFORMATION

The group's primary segment reporting format is by business segment and its secondary reporting format by the geographical location of customers. This reflects the predominant risks and rates of return that affect the group.

Primary segment: by business segment:

The business of the group is principally mining of ore and beneficiation of alloys. In addition, the group earns revenue from other sources which have been consolidated under a separate heading for one of the following reasons:

– the majority of its revenue is earned from internal sales and
– its revenue from total sales is less than 10% of the total revenue, external and internal, of all segments or
– its segment result is less than 10% of the combined result of all segments in profit or loss whether on absolute amounts or
– its assets are less than 10% of the total assets of all segments.

	Joint venture mining & beneficiation							
R 000	Iron ore Division	Manganese Division	Chrome Division	Subtotal	Marketing & shipping	Other mining & beneficiation	Consoli-dation adjustments	Total
Year to 30 June 2005								
Revenue	**397 155**	**1 142 180**	**549 854**	**2 089 189**	**1 121 402**	**227 933**	**(149 797)**	**3 288 727**
Contribution to earnings	**61 750**	**336 255**	**35 323**	**433 328**	**102 880**	**15 918**	**(42 681)**	**509 445**
Contribution to headline earnings	**61 394**	**337 064**	**39 493**	**437 951**	**102 880**	**15 296**	**(42 682)**	**513 445**
Other information								
Consolidated total assets	**501 129**	**1 018 407**	**795 287**	**2 314 823**	**672 873**	**661 627**	**(412 471)**	**3 236 852**
Consolidated total liabilities	**166 833**	**52 351**	**571 083**	**790 267**	**337 881**	**339 887**	**(363 267)**	**1 104 768**
Capital expenditure	**88 231**	**161 254**	**69 725**	**319 210**	**727**	**23 324**	**–**	**343 261**
Depreciation and amortisation	**51 432**	**42 462**	**36 217**	**130 111**	**543**	**12 507**	**–**	**143 161**
Net cash inflow from operating activities	**99 444**	**437 474**	**39 459**	**576 377**	**(20 626)**	**32 563**	**50 416**	**638 730**
Cash outflow from investing activities	**(87 875)**	**(156 914)**	**(54 238)**	**(299 027)**	**(687)**	**(27 897)**	**(8 924)**	**(336 535)**
Cash (outflow)/inflow from financing activities	**9 592**	**(253 189)**	**(20 086)**	**(263 683)**	**(5 000)**	**6 806**	**68 985**	**(192 892)**
Year to 30 June 2004								
Revenue	295 584	729 142	493 062	1 517 788	719 865	164 125	(70 454)	2 331 324
Contribution to earnings	5 062	105 991	(11 360)	99 693	58 422	18 057	(6 329)	169 843
Contribution to headline earnings	3 658	105 451	(11 472)	97 637	58 962	13 413	(6 568)	163 444
Other information								
Consolidated total assets	416 257	853 601	660 129	1 929 987	484 469	500 771	(357 313)	2 557 914
Consolidated total liabilities	143 711	182 485	471 248	797 444	193 283	276 632	(301 314)	966 045
Capital expenditure	67 759	122 308	34 904	224 971	604	11 454	–	237 029
Depreciation and amortisation	24 863	28 416	23 357	76 636	347	9 047	–	86 030
Net cash inflow/(outflow) from operating activities	38 230	112 993	(36 129)	115 094	80 295	41 415	(12 186)	224 618
Cash outflow from investing activities	(56 654)	(120 984)	(28 708)	(206 346)	(586)	(7 528)	(16 471)	(230 931)
Cash (outflow)/inflow from financing activities	11 478	19 447	63 426	94 351	13 000	(33 269)	1 871	75 953

Note: Earnings include Secondary Tax on Companies (STC) amounting to R5 164 931 (2004: R1 519 205).

27. SEGMENT INFORMATION (continued)

Secondary segment: by geographical location of customers:

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

	Group revenue by segment 2005 R 000	Group revenue by segment 2004 R 000	**Group trade and other receivables by segment 2005 R 000**	Group trade and other receivables by segment 2004 R 000
Customers by locations				
USA	**1 358 989**	912 567	**156 227**	125 352
Far East	**573 999**	602 427	**144 705**	104 602
Europe	**688 279**	500 231	**170 714**	166 154
South Africa	**304 665**	272 906	**111 594**	78 178
Other	**362 795**	43 193	**30 207**	1 298
	3 288 727	2 331 324	**613 447**	475 584

28. RELATED PARTY TRANSACTIONS

Related party transactions 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:

(Refer to note 26 for details of security and guarantees provided on behalf of related parties.)

	GROUP 2005 R 000	GROUP 2004 R 000
Joint venture company		
Assmang Limited		
– commissions received	**75 033**	59 096
– amounts payable to related parties at year end	**2 905**	17 858
– amounts receivable from related parties at year end	**10 412**	10 641
Foreign subsidiary		
Minerais U.S. LLC		
– commissions received	**19 369**	11 728
– amounts receivable from related party transactions at year end	**15 293**	13 814

	Issued share capital 2005 R	Issued share capital 2004 R	Direct interest in share capital 2005 %	Direct interest in share capital 2004 %	Shares at cost 2005 R 000	Shares at cost 2004 R 000	Amounts due to subsidiary companies 2005 R 000	Amounts due to subsidiary companies 2004 R 000
29. INTEREST OF HOLDING COMPANY IN ITS SUBSIDIARY COMPANIES								
Incorporated in South Africa								
African Mining and Trust Company Limited	**1 000 000**	1 000 000	**100**	100	**1 200**	1 200	**(6 025)**	(26 348)
Ceramox (Proprietary) Limited	**100**	100	**100**	100	**1 124**	1 124	**(404)**	(4)
General Nominees (Proprietary) Limited *	**4**	4	**100**	100	**–**	–	**–**	–
Erven 40 & 41 Illovo (Proprietary) Limited	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Erven 27 & 28 Illovo (Proprietary) Limited	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Ore & Metal Company Limited	**100 000**	100 000	**100**	100	**105**	105	**(15 000)**	(15 000)
Rustenburg Minerals Development Company (Proprietary) Limited	**130 000**	130 000	**100**	100	**–**	–	**(7)**	–
Wonderstone Limited	**10 000**	10 000	**100**	100	**10**	10	**(2)**	–
Wonderstone 1937 Limited *	**45 940**	45 940	**100**	100	**35**	35	**–**	–
Zeerust Chrome Mines Limited	**1 300 000**	1 300 000	**100**	100	**1 114**	1 114	**–**	–
Incorporated in Namibia								
Krantzberg Mines Limited *	**500 000**	500 000	**100**	100	**–**	–	**–**	–
Incorporated in Mozambique								
Amhold Limitada *	**2**	2	**100**	100	**–**	–	**–**	–
Incorporated in United States of America								
Minerais U.S. LLC	**17 756 100**	17 756 100	**51**	51	**11 418**	11 418	**–**	–
					15 006	15 006	**(21 438)**	(41 352)
Less – held indirectly					**(11 452)**	(11 452)		
– provided against					**(1 114)**	(1 114)		
Refer note 4					**2 440**	2 440	**(21 438)**	(41 352)

*Dormant companies

30. RETIREMENT BENEFIT INFORMATION

30.1 Pensions

The group sponsors a defined benefit pension fund and a defined contribution plan. In addition the Assmang group 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. All contributions paid by group companies for retirement benefits are charged to the income statement as they are incurred.

Defined benefit pension fund

The most recent statutory actuarial valuation of the Assore Pension Fund (the defined benefit pension fund) was performed as at 1 July 2002 and revealed a 95,8% funding level as set out below:

	Assore Pension Fund 1 July 2002 R 000
Actuarial present value of assets	64 285
Actuarial present value of liabilities	67 080
Deficit	(2 795)
Funding level	95,8%

The group has committed to paying additional contributions over the three years ended 30 June 2005 in order to amortise this deficit. An updated funding check has been performed as at 1 July 2005, and this revealed that the funding level had improved to approximately 97%, based on the same actuarial assumptions and including the impact of the Pension Funds Second Amendment Act 2001, which was minimal.

During the year, the Assore Pension Fund took over the payment of pensioners of the African Mining Ore & Metal Weekly-Paid Pension Fund and thereby absorbed the last remaining liabilities of this Fund. The group paid a special contribution of R2,5 million to cover the shortfall between the assets transferred and the accrued liabilities of these pensioners and this Fund will now be deregistered.

Contributions to the Fund by the group which were expensed amounted to R7 006 147 (2004: R5 997 200).

The principal actuarial assumptions include:
Economic:

Investment returns per annum	10%
Salary inflation per annum	7%
Pension increases per annum	5,25%

Other:

Active mortality	SA 72/77 Ultimate table
Pensioner mortality	PA(90) Ultimate table

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 two years older than their wives, and all married at date of retirement.

For current pensioners, the actual marital statuses and the exact ages of the spouses have been taken into account.

Defined contribution plan

The benefits provided by the defined contribution plan are determined by accumulated contributions and returns on investment. The amount expensed in the current year was R11 640 845 (2004: R9 728 482).

30. RETIREMENT BENEFIT INFORMATION (continued)

30.2 Medical aid

The group has obligations to fund the medical aid costs of certain employees and pensioners. The anticipated liabilities arising from these obligations are assessed annually by an independent actuarial valuation which uses assumptions consistent with those adopted in determining pension costs and, in addition, includes long-term estimates of the increases in medical costs at appropriate discount rates.

For purposes of this valuation, the benefit is assumed to accrue uniformly from the date that employment commenced until the expected date of retirement. The accrual of the benefit in this way is consistent with the Projected Unit Credit Method of valuation referred to in AC116.

The principal actuarial assumptions include:
Investment returns – 10% per annum, compounded
Rate of consumer price inflation – 6% per annum
General medical aid inflation will exceed general price inflation by 2% per annum in future.
Mortality (active members) – Nil
Mortality (pensioners) – PA (90) Tables for Pensioners (ultimate rates)

Spouses' benefits – on average, husbands are three years older than their wives. Eighty percent of the active members will be married at their respective dates.

Contributions that are paid for dependant children of pensioners will cease when the children turn 25.

No active members were assumed to have dependant children when they retire.

Subsequent to year end agreement has been reached with the pensioners and applicable members of staff in terms of which these obligations would be 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 will result in the liabilities arising from these obligations being settled.

NOTICE TO MEMBERS

Notice is hereby given that the fifty fifth Annual General Meeting of members of Assore Limited will be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 25 November 2005 at 10h30 for the following purposes:

- To receive and consider the annual financial statements for the year ended 30 June 2005.
- To elect directors in place of those retiring in accordance with the provisions of the company's Articles of Association (refer footnotes for directors' *Curriculum Vitae*).
- To transact any other business which may be transacted at an Annual General Meeting.

Members holding certificated shares and members who have dematerialised their shares and have elected own name registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), may attend, speak and vote at the Annual General Meeting or may appoint one or more proxies (who need not be members of the company) to attend, speak and vote at the Annual General Meeting on behalf of such shareholder. A proxy form is attached to this notice of Annual General Meeting. Duly completed proxy forms must be returned to the transfer secretaries of the company or the registered office of the company to be received by no later than 10h30 on Wednesday, 23 November 2005.

Members who have dematerialised their shares through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

By order of the Board

African Mining and Trust Company Limited
Secretaries

Johannesburg
25 October 2005

Directors retiring by rotation and available for re-election:

Desmond Sacco
Chairman
BSc (Hons), (Geology) (Wits) (Unisa)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore Board in 1974 and, on retirement of his father in 1992, he was appointed Chairman and Managing Director of the Assore group. In that year, he was also appointed Deputy Chairman of Assmang Limited and in 1999, he became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

P C Crous
Group Technical Director
BSc (Eng), BComm, MBA

Phil trained as a mining engineer obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 he took up a position with Assmang where he advanced to Mine Manager. In 1982 he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988 he joined manufacturing company Sandock-Austral as Managing Director. In 1991 he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang Board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

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FORM OF PROXY

Assore Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1950/037394/06)
Share code: ASR_ISIN:ZAE 000017117
(Assore or the Company)

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected own name registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), at the Annual General Meeting to be held at 10h30 on Friday, 25 November 2005.

Members who have dematerialised their share certificates through a CSDP or broker and who have not elected own name registration in the sub-register maintained by a CSDP who wish to attend the Annual General Meeting, should not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary authority to attend, or if they do not wish to attend the Annual General Meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We

(Name in block letters)

of

(Address)

being the holder/s of ordinary shares

in the Company, hereby appoint (see note 1)

1.

of or failing him

2.

of or failing him

3. the chairman of the Company, or failing him, the chairman of the annual general meeting

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 25 November 2005 at 10h30 or at any adjournment thereof.

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

	For	Against	Abstain
Adoption of annual financial statements			
Election of retiring directors: – Desmond Sacco			
– P C Crous			

Signed at on 2005

Signature

Assisted by me (where applicable)

Please see notes overleaf

NOTES TO FORM OF PROXY

1 A member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and vote in the place of that member at the annual general meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the Company, or failing him, the chairman of the annual general meeting". The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2 A member's instructions to the proxy must be indicated by the insertion of an 'X' in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he deems fit, in respect of the member's total holding.

3 The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

4 Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every member shall have one vote for every ordinary share held.

5 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of joint holding.

6 Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.

7 Forms of proxy must be lodged at, or posted to, the registered office of the Company or the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107) to be received by not later than 10h30 on Wednesday, 23 November 2005.

ASSORE