



# FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2006

- Lower profit from Assmang's manganese division
- Headline earnings decrease by 37,4%
- Assmang commences construction of new Khumani Iron Ore Mine
- Attributable earnings decrease by 10,2%
- Iron ore prices increase by 19%

## CONSOLIDATED INCOME STATEMENT

	Year ended 30 June 2006 Reviewed R'000	Year ended 30 June 2005 Audited R'000
Turnover	3 382 587	3 093 944
Cost of sales	(2 783 365)	(2 317 628)
Gross profit	599 222	776 316
Profit on disposal of investments	145 777	–
Discount on BEE transaction	(35 752)	–
Other income	217 999	196 514
Other expenses	(204 571)	(157 501)
Finance costs	(15 284)	(21 721)
Profit before taxation	707 391	793 608
Income tax expense	(227 569)	(252 546)
Profit for the year	479 822	541 062
Earnings attributable to:		
Equity holders of the parent	457 384	509 445
Minority interests	22 438	31 617
Profit for the year	479 822	541 062
Earnings per share (cents)	1 651,5	1 819,4
Headline earnings per share (cents) *	1 160,8	1 833,7
Dividends per share (cents)		
– Interim dividend paid in April 2006/2005	80	50
– Final dividend paid in October 2005/2004	150	45
* Determination of headline earnings		
Attributable earnings per income statement as above	457 384	509 445
Profit on disposal of listed investments (net of tax)	(129 085)	–
(Profit)/loss on disposal of property, plant and equipment (net of tax)	(6 801)	4 000
Headline earnings	321 498	513 445
Weighted average number of ordinary shares (million)		
Ordinary shares in issue	28,00	28,00
Treasury shares	(0,30)	–
Shares outstanding	27,70	28,00
Net asset value per share (Rand)	96,2	76,1
Capital expenditure (R million)	389,9	337,9
Capital commitments (R million)	2 116,9	218,2

## CONSOLIDATED CASH FLOW STATEMENT

	Year ended 30 June 2006 Reviewed R'000	Year ended 30 June 2005 Audited R'000
Cash generated from operations	469 992	638 730
Cash utilised in investing activities	(678 158)	(319 042)
Cash generated by/(utilised in) financing activities	86 961	(192 892)
(Decrease)/increase in cash for the year	(121 205)	126 796
Cash resources at beginning of year	293 059	166 263
<b>CASH RESOURCES PER BALANCE SHEET</b>	<b>171 854</b>	<b>293 059</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2006 Reviewed R'000	Year ended 30 June 2005 Audited R'000
<b>SHARE CAPITAL AND RESERVES</b>		
Balance at beginning of year	99 579	39 012
Shares issued during the year	55	–
Shares repurchased during the year	(55)	–
Share premium on shares issued during the year	30 358	–
Net increase in the market value of listed investments	6 509	66 500
Deferred taxation on changes in market value of listed investments	(5 389)	(9 410)
Foreign currency translation reserve	906	3 477
Balance at end of year	131 963	99 579
<b>RETAINED EARNINGS</b>		
Balance at the beginning of the period	1 993 142	1 510 297
Attributable earnings for the year	457 384	509 445
BEE transaction – shares issued at a discount	35 752	–
Ordinary dividends paid	–	–
No 97 and No 98 aggregating R2,30 per share (2005: 95 cents per share)	(64 400)	(26 600)
Balance at end of year	2 421 878	1 993 142
<b>PER BALANCE SHEET</b>	<b>2 553 841</b>	<b>2 092 721</b>

## CONSOLIDATED BALANCE SHEET

	At 30 June 2006 Reviewed R'000	At 30 June 2005 Audited R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant, equipment and intangible assets	2 023 210	1 391 931
Investments	169 750	232 093
Total non-current assets	2 192 960	1 624 024
<b>Current assets</b>		
Inventories	896 152	695 600
Trade and other receivables	648 001	624 169
Cash resources	171 854	293 059
Total current assets	1 716 007	1 612 828
<b>TOTAL ASSETS</b>	<b>3 908 967</b>	<b>3 236 852</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Ordinary shareholders' interest	2 553 841	2 092 721
Outside shareholders' interest	51 114	39 363
Treasury shares	(78 526)	–
Total equity	2 526 429	2 132 084
<b>Non-current liabilities</b>		
Deferred taxation	544 844	345 181
Long-term liabilities	122 312	65 333
Total non-current liabilities	667 156	410 514
<b>Current liabilities</b>		
Interest bearing	253 454	226 740
Non-interest bearing	461 928	467 514
Total current liabilities	715 382	694 254
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 908 967</b>	<b>3 236 852</b>

## COMMENTARY

Despite an increase in turnover of 9,3% to R3,4 billion (2005: R3,1 billion), attributable profit for the year decreased by 10,2% to R457,4 million (2005: R509,4 million). However, after adjusting for the non-recurring profit on disposal of investments and the discount on the sale of Assore shares referred to below, the profit for the year on normal operations would have been R364,1 million, a decrease of 28,5%. This was mainly due to a lower profit contribution from Assmang Limited ("Assmang"), in which company the group holds a 50% interest.

As a result of an offer made to minorities earlier in the year, Assmang was delisted on 28 February 2006 and, as a joint venture, is partially consolidated. Assmang's after tax profit for the year decreased to R666,6 million (2005: R949,0 million) largely attributable to lower prices for manganese ore and alloys as well as for charge chrome. The tonnages sold are set out in the table below and the higher profit generated by iron ore, due to significantly higher prices and the additional tonnage, was unable to offset the effects of lower manganese ore and alloy prices. These were largely brought about by the over supply situation which developed in the market during the year.

Net commissions received on sales of group commodities, which are included in other income, were marginally lower for the year at R67,7 million (2005: R75,0 million). Profit for the year was increased by the disposal of listed investments of R129,1 million (after tax) and is disclosed separately in the income statement. These investments had been accumulated over a number of years at a cost of R68,9 million and realised R214,6 million on disposal. The proceeds were used to repay the short-term borrowings raised to finance the buyout of Assmang minorities referred to above. A discount of R35,8 million, which arose from the sale of Assore shares, in terms of the empowerment transaction approved by shareholders earlier in the year, is disclosed separately. The discount, which has been measured against Assore's 180-day volume weighted average share price, is required to be included in the determination of earnings per share but is equity neutral, in that the entry is charged to the income statement and the corresponding credit is raised against equity in accordance with International Financial Reporting Standards ("IFRS").

## SALES VOLUMES

Sales volumes for the year were as follows:

	Metric tons '000		Volume %
	2006	2005	Increase/(decrease)
Iron ore	5 926	5 776	2,6
Manganese ore	1 678	1 811	(7,3)
Manganese alloys	260	197	32,0
Charge chrome	210	262	(19,8)
Chrome ore	178	35	408,6

Iron ore tonnage increased marginally but is constrained by capacity on the Sishen/Saldanha railway line and port facilities.

Manganese volumes and prices fell during the year as a result of the world markets being oversupplied.

Tonnages of manganese alloys increased in line with robust demand from carbon steel producers and prices recovered during the year from the effects of the oversupplied position which developed in the previous year.

Charge chrome sales were lower, in line with a temporary limitation on production to counter negative market conditions resulting from an oversupply in world markets.

## CAPITAL EXPENDITURE

The bulk of the group's capital expenditure occurs in Assmang, which in the year under review, totalled R705,0 million (2005: R699,1 million). Included in this expenditure were the following specific items, the balance relating largely to replacement items:

		R'000
Iron ore	– waste stripping at Beeshoek	143 658
	– new Khumani iron ore mine	64 312
Manganese ore	– Nchwaning III Project shaft development	83 755
Chrome ore	– completion of underground mine project	57 188

During the year, the Assmang Board approved the development of a new opencast iron ore mine (Khumani Mine) in the Kathu area of the Northern Cape adjacent to the Sishen iron ore mine. Estimated cost is R3,2 billion and initial production from the new mine is expected in the first half of 2008. The mine will replace the existing opencast operations at Beeshoek and initial first phase export capacity is expected to be 8,4 million tons per annum. A second phase expansion is planned to increase export capacity to 16,8 million tons per annum at a further estimated capital cost (including contingencies) of R1,8 billion.

## DIRECTORS

On 12 July 2006, it was announced that Mr Cyril Ramaphosa had agreed to join the Assore Board as a non-executive director with Mr Rowan Smith as his alternate. Mr Ramaphosa is Chairman and a significant shareholder of the Shanduka Group, which acquired a 11,76% interest in Assore as part of the empowerment transaction which was concluded in February this year.

## OUTLOOK

World carbon steel production remains robust, driven by China, and this has resulted in a 19% increase in iron ore prices with effect from April 2006 and a steady demand for manganese ore and manganese alloys.

This situation is expected to continue but would be threatened if the Chinese carbon steel industry moves into a large supply surplus, resulting in a substantial increase of steel exports from China.

The stainless steel industry has recovered from the downturn it experienced during the second half of 2005 and ferrochrome prices have shown significant gains. However, the supply of ferrochrome is expected to increase in response to the commissioning of a number of new projects which is likely to put pressure on prices, going forward.

As always group results remain significantly exposed to fluctuation in exchange rates as the bulk of sales are for export.

## DIVIDENDS

The results in this announcement include the interim dividend of 80 cents (2005: 50 cents) per share which was declared on 15 March 2006 and paid to shareholders on 10 April 2006.

The Board has declared an unchanged final dividend of 150 cents per share, making an increased total dividend for the year of 230 cents (2005: 200 cents) per share. This dividend will be paid to shareholders on or about Tuesday, 26 September 2006 and is not included in the results as it was declared after year-end.

## ACCOUNTING POLICIES

The financial information included in this announcement has been prepared in accordance with IFRS. This is consistent with the basis used in the previous reporting period, except for IAS16 regarding Property, Plant and Equipment, IAS21 regarding The Effects of Changes in Foreign Exchange Rates, IFRIC5 regarding Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, and IFRIC8 regarding the Scope of IFRS2, which were adopted with effect from 1 July 2005.

## AUDIT REVIEW

The year-end results have been reviewed in terms of Rule 3.22 of the Listing Requirements of the JSE Limited by the group's auditors Ernst & Young and their unqualified review opinion is available for inspection at the registered office of the company.

## DECLARATION OF FINAL DIVIDEND

Final dividend No 99 of 150 cents per share was declared on 30 August 2006. The dividend has been declared in the currency of the Republic of South Africa. In accordance with STRATE, the following dates apply to the final dividend:

The last date to trade to qualify for the dividend (and for changes of address or dividend instructions) will be Friday, 15 September 2006.

The company's ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 18 September 2006.

The record date will be Friday, 22 September 2006.

Dividend cheques in payment of this dividend to holders of certificated shares will be posted on or about Tuesday, 26 September 2006. Electronic payment to holders of certificated shares will be undertaken simultaneously.

Holders of dematerialised shares will have their accounts at their Central Securities Depository Participant or broker credited on Tuesday, 26 September 2006.

Share certificates may not be dematerialised or rematerialised between Monday, 18 September 2006 and Friday, 22 September 2006, both days inclusive.

On behalf of the board

<b>Desmond Sacco</b> <i>Chairman</i>	<b>C J Cory</b> <i>Chief Executive Officer</i>
Johannesburg 1 September 2006	

<b>Registered office</b> Assore House 15 Fricker Road Illovo Boulevard Johannesburg 2196	<b>Transfer office</b> Computershare Investor Services 2004 (Pty) Ltd 70 Marshall Street Johannesburg 2001	<b>Directors Executive</b> Desmond Sacco ( <i>Chairman</i> ) R J Carpenter ( <i>Deputy Chairman</i> ) C J Cory ( <i>Chief Executive Officer</i> ) P C Crous ( <i>Technical and Operations</i> )
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**Company secretaries**  
African Mining and  
Trust Company Limited

**Assore Limited**  
Company registration number: 1950/037394/06  
Share code: ASR ISIN: ZAE000017117

**Non-executive**  
P N Boynton  
B M Hawksworth  
M C Ramaphosa  
Dr J C van der Horst  
**Alternate**  
J W Lewis (*British*)  
R Smith