CONTENTS

Assore Limited (Assore) is a mining holding company engaged principally in ventures involving base minerals and metals.

The group's principal investment is a 50% interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). 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 production of manganese and chrome alloys. The group 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 Limited under "Assore" in the general mining sector.

15,02% of the company's shares are held by black economic empowerment entities: Shanduka Resources (Proprietary) Limited (11,76%) and the Bokamoso Trust (3,26%), a broad-based black economic empowerment community trust.

The company also has control over an additional 10,98% of its shares which are earmarked to increase empowerment shareholding to 26% by the year 2014 as required by the Minerals and Petroleum Resources Development Act.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Desmond Sacco (Chairman)#
R J Carpenter (Deputy Chairman)
C J Cory (Chief Executive Officer)
P C Crous (Group Technical Director)

NON-EXECUTIVE DIRECTORS
P N Boynton
B M Hawksworth*†#
M C Ramaphosa
Dr J C van der Horst*†#

ALTERNATE DIRECTORS
J W Lewis (British) (Alternate to R J Carpenter)
N G Sacco (Alternate to C J Cory)
P E Sacco (Alternate to Desmond Sacco)
R Smith (Alternate to M C Ramaphosa)

† Independent
** Member of the Audit Committee*
 # Member of the Remuneration Committee

SECRETARY AND REGISTERED OFFICE
African Mining and Trust Company Limited
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg 2196

POSTAL ADDRESS
Private Bag X03
Northlands 2116
Email: info@assore.com
www.assore.com

TRANSFER SECRETARIES AND SHARE TRANSFER OFFICE
Computershare Investor
Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

ATTORNEYS
Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard
Johannesburg 2196

Deneys Reitz
82 Maude Street
Sandton 2196

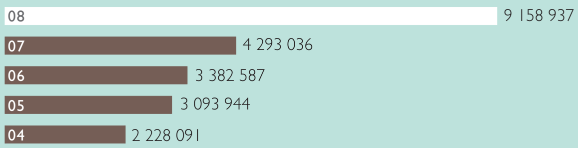
AUDITORS
Ernst & Young Inc.
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg 2196

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

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

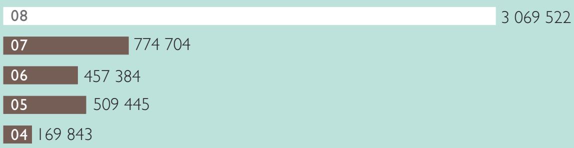
FINANCIAL HIGHLIGHTS

- Increased prices for all products and significantly higher sales volumes for manganese ore
- Headline earnings increased by 315,4% to R3,06 billion
- Final dividend increased from 200 cents to 1 000 cents per share
- Approval for feasibility study on 6,0 million ton expansion at Khumani Iron Ore Mine

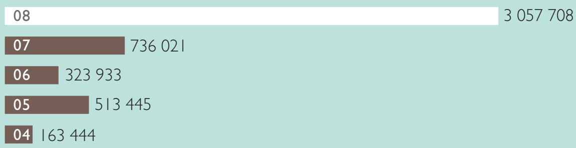


Turnover (R'000)

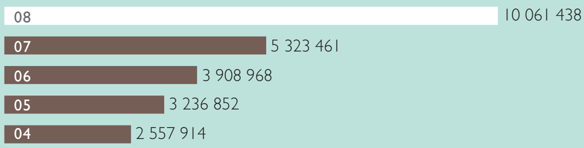
Gross profit (R'000)



Attributable profit (R'000)



Headline earnings (R'000)



Total assets (R'000)

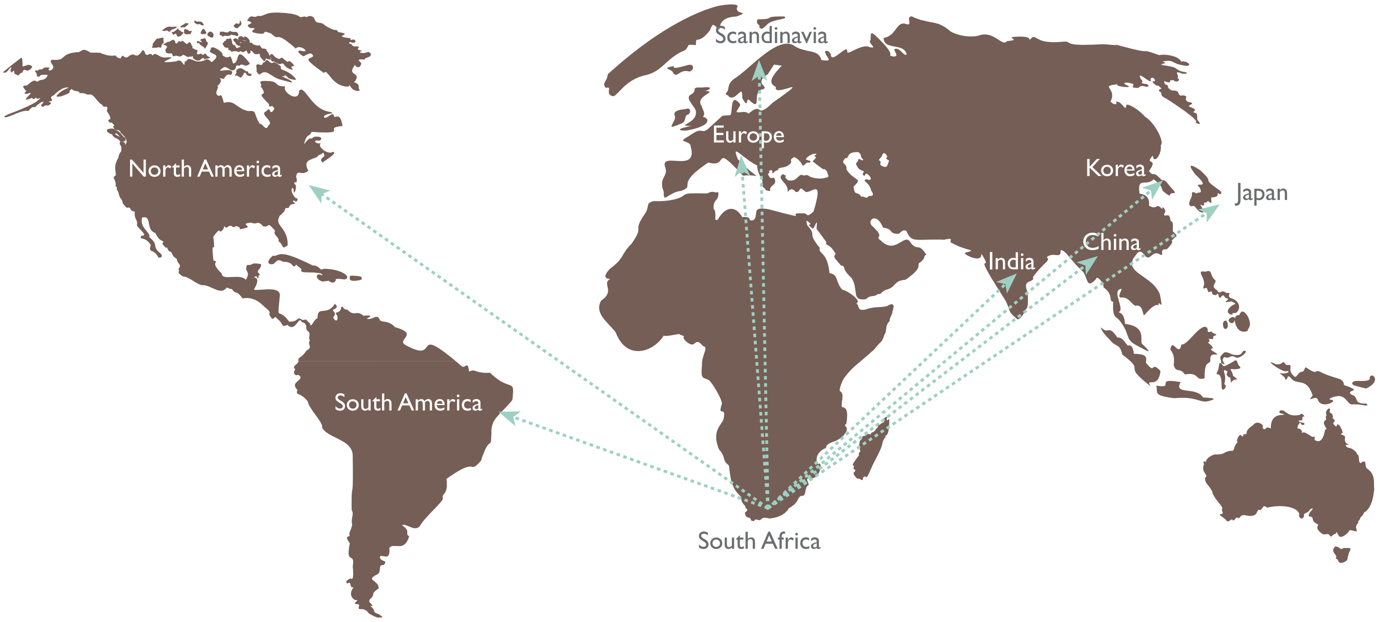
TURNOVER
R9 158,9m

ATTRIBUTABLE PROFIT
R3 069,5m

GROSS PROFIT
R4 490,4m

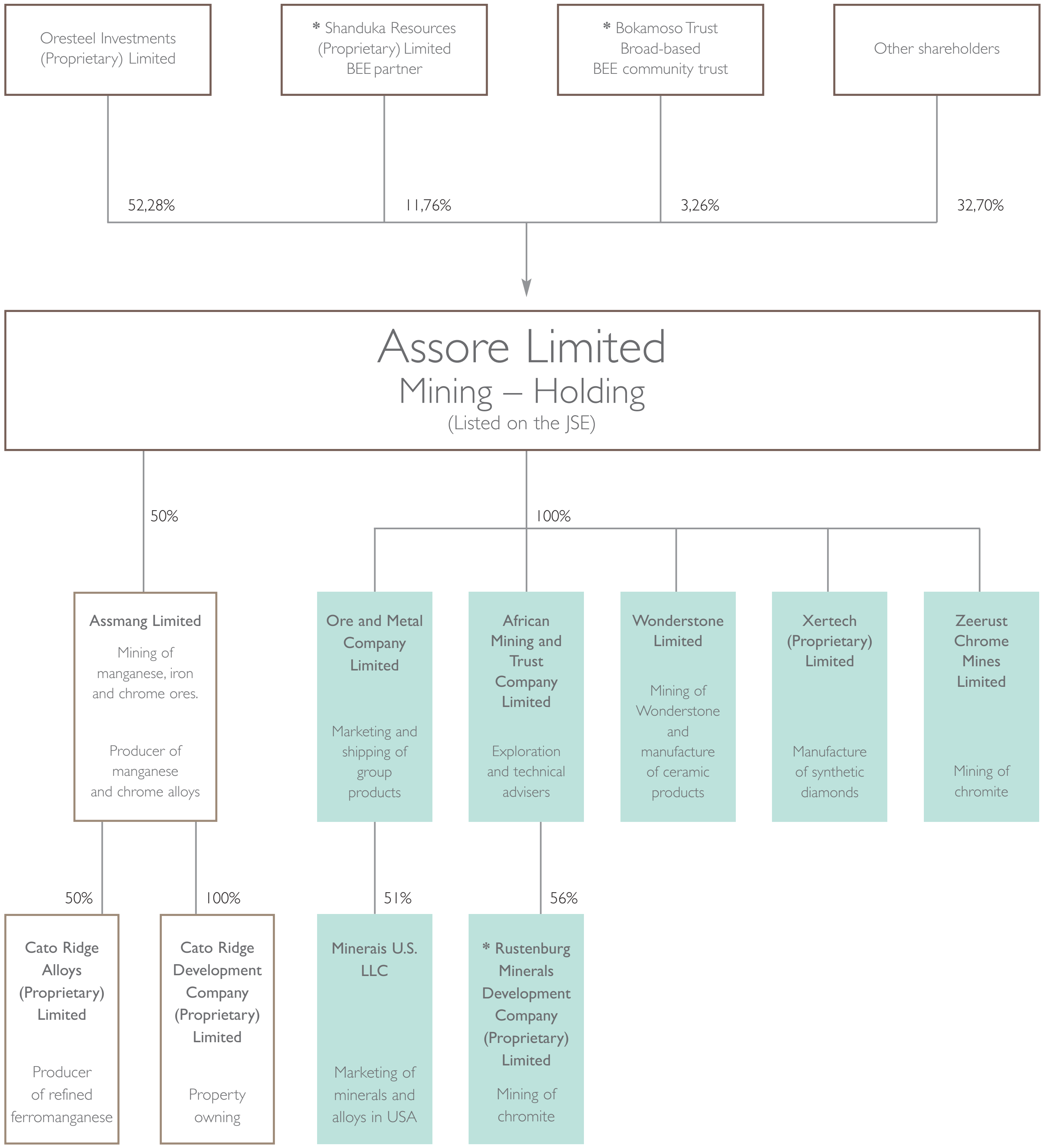
HEADLINE EARNINGS
R3 057,7m

GLOBAL EXPORT DESTINATIONS OF GROUP PRODUCTS



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 R14,6 billion (2007: R6,3 billion) were marketed and distributed in these regions during the year.

GROUP STRUCTURE OF OPERATING COMPANIES

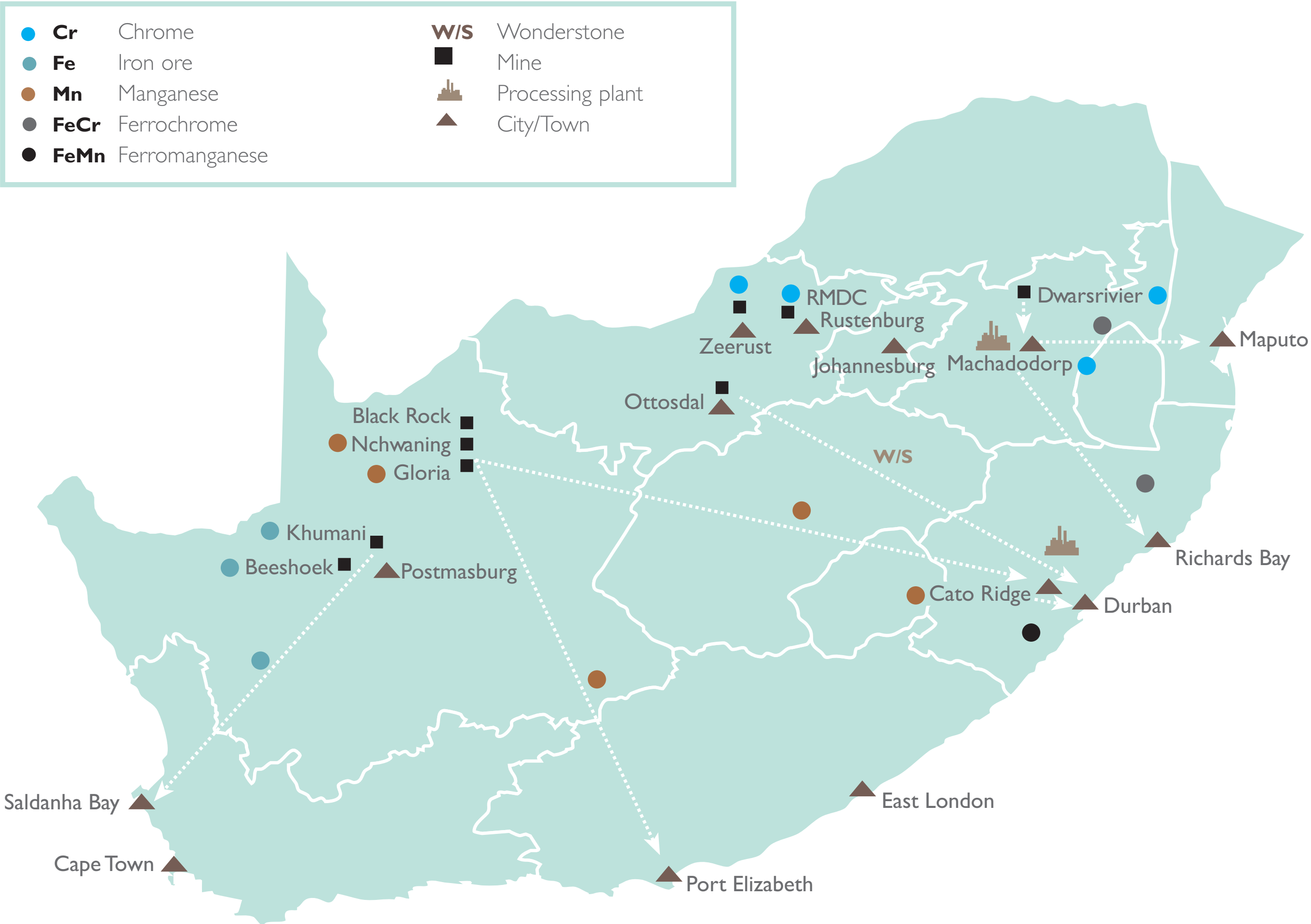


* *Black economic empowered entity*

GROUP AT A GLANCE

Location of operations in South Africa

The activities of the group were conducted through its jointly controlled entities and subsidiary companies which are set out in the group structure chart included on page 5.



The profit/(loss) contributions for the various classes of business of the group were as follows:

	2008 R'000	2007 R'000
Mining and beneficiation	**2 764 474**	655 098
Marketing and shipping	**454 167**	120 553
Profit on disposal of available-for-sale investments	**19 221**	36 786
Other	**(59 497)**	(9 082)
Profit per income statement	**3 178 365**	803 355

Operating entities	Commodity	Operation	Type of operation	Description
JOINT-VENTURE ENTITY (ASSMANG)				
Manganese Division	Manganese *(see page 14)*	Nchwaning Mine Gloria Mine Cato Ridge Works Cato Ridge Alloys	Mine, washing and screening Mine, washing and screening Ferromanganese smelting Refined ferromanganese conversion	Manganese ore is mined in the Black Rock area of the Northern Cape province and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture with Japanese partners, 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.
Chrome Division	Chrome *(see page 15)*	Dwarsrivier Mine Machadodorp Works	Mine and concentrator Smelter and pelletising plant	Chrome ore is mined at Dwarsrivier Mine near Lydenburg in Mpumalanga province and production is used mainly to supply the group's Machadodorp Ferrochrome Works.
Iron Ore Division	Iron ore *(see page 16)*	Beeshoek Mine Khumani Mine	Mine, crushing, screening and dense medium jigging Mine, crushing, screening and dense medium jigging	Iron ore is mined at the Beeshoek open-cast operations which are located outside Postmasburg in the Northern Cape. Iron ore is mined in open-cast operations which are located near Kathu in the Northern Cape.
SUBSIDIARY COMPANIES				
Rustenburg Minerals Development Company	Chrome *(see page 15)*	Rustenburg Mine	Mine and concentrator	Chrome ore is mined near Rustenburg in open-cast operations and production is supplied mainly to the local market. The company is in the process of developing two decline shafts which, when in production in early 2009, will replace the existing open-cast operations.
Wonderstone	Wonderstone *(see page 17)*	**W/S** Wonderstone Mine	Mining of Wonderstone and manufacture of ceramic products	The company mines a type of pyrophyllite, which, for trade purposes, is referred to as Wonderstone. The bulk of the material mined is beneficiated to produce high precision components manufactured to customers' specification which are exported to the United States of America, the United Kingdom and the Far East. The company also produces a range of wear and acid resistant tiles for the local market.
Zeerust Chrome Mines	Chrome	Zeerust Chrome	Mining of chrome	Processing chrome dumps.
Xertech	n/a	Xertech	Manufacture of synthetic diamonds *(see page 18)*	The group's synthetic diamond production facility operates from premises in Linbro Park on the outskirts of Johannesburg under the name of Xertech. All production is currently for export.
Ore and Metal Company	n/a	Ore and metal	Marketing and shipping of products *(see page 18)*	Ore and 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.
Minerais U.S. LLC	n/a	Minerais	Marketing of minerals and alloys in USA *(see page 18)*	Minerais U.S. LLC 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 related commodities.
African Mining and Trust Company	n/a	African Mining	Exploration and technical adviser *(see page 19)*	African Mining and Trust Company Limited is technical adviser to Assmang and other group companies for which it receives fee income.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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. 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).

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 Assore Chairman and Managing Director were separated. 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).

R J CARPENTER
Deputy Chairman
BA, ACIS

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

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).




NON-EXECUTIVE DIRECTORS

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 Deloitte for three years. He is currently head of Alternative Asset Management at Old Mutual and an executive director of Old Mutual Investment Group South Africa. He joined the Assore board as a non-executive director in July 2004 and served until 27 August 2008 on the group's Audit Committee.

B M HAWKSWORTH
Independent non-executive director
CA(SA)

Brian qualified as a Chartered Accountant in Durban and relocated to Johannesburg in 1973 as a partner in Ernst & Young. Since withdrawing as a partner of Ernst & Young he has held several non-executive directorships including 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 member of the South African Institute of Chartered Accountants (SAICA) and was a past member of its Council and Executive Committee and is also a fellow of the Institute of Directors which he chaired in the early 1990s.

M C RAMAPHOSA
Non-executive director
BProc

Cyril is executive chairman of Shanduka Group, a black-owned and managed investment company. He is joint non-executive chairman of Mondi Group and non-executive chairman of the MTN Group Limited, the Bidvest Group and SASRIA Limited. His other directorships include SAB Miller, Macsteel, Alexander Forbes and Standard Bank.

He is a member of the Commonwealth Business Council and Vice-Chairman of the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC). He was general secretary of NUM in the 1980s. Cyril, as Secretary General of the African National Congress (the ANC) from 1991 to 1994 led the party in the negotiations that resulted in South Africa's first democratic elections in 1994. After chairing the constitutional assembly, he left politics for business in 1997. He is the former chairman of the Black Economic Empowerment Commission (1998 to 2001). Cyril, a qualified lawyer, remains a member of the ANC and its national executive committee.

DR J C VAN DER HORST
Independent non-executive director
BA, LLD

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 including 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 Limited in July 1999. 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 and Remuneration Committees. He is also on the boards of Reunert Limited and Wooltru Limited.

Manganese and iron ore continue to be big profit generators but to attempt any specific predictions regarding the world economy or the outlook for our business at this stage would be foolhardy.

If it does nothing else, a chairman's annual review is expected to address at least two key issues: a review of the past year and an informed preview of the year ahead. While I eagerly look forward to doing the first, to attempt any specific predictions regarding the world economy or the outlook for our business at this stage would be foolhardy.

The need for caution in this respect is emphasised by the fact that many of the world's financial experts, who were predicting 'soft landings' and 'a possible minor recession' a few months ago, are increasingly relating the current state of the world's economy to conditions in the Great Depression of the 1930s.

Possibly the turmoil currently being experienced is different, but one thing seems prudent and that is to assume that the spin-off of what has already happened, will reverberate around the world for many months to come.

THE YEAR UNDER REVIEW

The past financial year ended 30 June 2008, saw the group achieve exceptional results, exceeding even the high expectations, which I anticipated in my review last year. Assore's prime focus remains its 50% shareholding in Assmang and the commissions and other income derived from marketing the group's products and providing technical and management services to group companies.

The contribution from core products relative to Assore's headline earnings for the past year are manganese ores and alloys with 73,6%, iron ore with 14,1% and chrome ores and alloys with 12,3%. As longer-term readers will know, the past few years have seen a steadily increasing demand for these minerals and metals, fed largely by a rampant Chinese economy, which spurred sales volumes and prices. Assmang's earnings, which are proportionately consolidated by Assore, increased Assore's profit for the year by 315,7% to a record of R3,18 billion (2007: R803,4 million) for the year under review. The manner in which this growth escalated over the course of the year is highlighted by the fact that 78,7% of those earnings were achieved in the second half of the year.

A notable feature of the year was that the rand exchange rate, which has often played a key role in previous years' performances, was relatively neutral. The average rand/US dollar exchange rate for the 2008 year of R7,27 was less than 1% above the previous year and the euro was barely 1,1% higher at R10,72, and that was more a factor of euro strength against most other major currencies than of rand weakness.

Other positive achievements during the year included the effective commissioning of the Khumani Iron Ore Mine, which commenced production in May 2008, and is on schedule to ramp up exports from 8,4 million to 10 million tons per annum with effect from the first quarter of 2010. The expansion of output by a further six million tons per annum, to 16 million tons at an estimated cost of R7,3 billion, is the subject of a feasibility sales study.

The public enquiry, opened by the Department of Labour in 2007, into the manganese dust exposure levels at the Cato Ridge Works has received some attention in the press in the past months. As the enquiry is still in progress, it would be premature to comment on the outcome other than to say that dust levels are monitored and recorded continuously in the Works to ensure they are maintained within legislated minimum requirements. A medical surveillance programme, which has been reviewed by a team of appropriate medical practioners, has been initiated at the Works and will be implemented at all group operations, during the forthcoming financial year.

Regretfully, Cato Ridge Works suffered seven fatalities during the year in two separate furnace explosions, which occurred in December 2007 and February 2008. On behalf of management and the company, I offer condolences to their relatives, and a trust is currently in the process of being set up to alleviate the financial situations of the families concerned. The damage caused by the incidents led to the shutdown of the entire plant for a short period, which has affected performance of the Manganese Division into the new financial year but, where possible, contractual sales have been met out of stock. Rebuilding of Furnace 6 has commenced and it is scheduled to come on line during October 2008.

SALES VOLUMES

Sales volumes for the year by commodity were as follows:

	Metric tons '000 2008	Metric tons '000 2007	% change
Iron ore	**6 581**	6 855	(4)
Manganese ore*	**3 711**	2 327	59
Manganese alloys*	**247**	251	(2)
Charge chrome	**275**	232	19
Chrome ore*	**304**	172	77

* *Excludes intragroup sales*

RESULTS FOR THE YEAR

Consequent upon the significant increases in sales, volumes and the higher prices achieved by Assmang, Assore's turnover for the 2008 financial year rose by 113,3% to R9,16 billion while gross profit increased by 301,4% to R4,49 billion. Profit for the year was R3,18 billion, representing a 295,6% rise, and headline earnings per share were 11 362 cents, up by 317,7%. The total dividend per share in relation to these earnings was 1 250 cents (2007: 350 cents), an increase of 257,14%.

CAPITAL EXPENDITURE

The bulk of the group's capital expenditure occurs in Assmang and is summarised by division for the year as follows:

	2008 Rm	2007 Rm
Iron Ore Division	**2 231**	1 735
Manganese Division	**511**	297
Chrome Division	**158**	199
Total – Assmang	**2 900**	2 231

Of the R2,23 billion spent in the Iron Ore Division, R2,1 billion related to the construction of the Khumani Iron Ore Mine where production has already commenced and which is on schedule and within budget to produce at a rate of 10 million tons per annum, commencing during the first quarter of 2010. The remainder of the capital expenditure related to rebuilding and upgrading the furnaces at Cato Ridge (R102 million) and replacement of equipment, expansion of housing facilities and upgrading of environmental projects.

MINING RIGHT CONVERSIONS

New order mining rights have already been obtained for the Khumani Iron Ore Mine and the chrome mine at Rustenburg. Applications were submitted during the year for the conversion of mining rights for the Wonderstone Mine and Assmang's manganese and chrome mines as well as the Beeshoek Iron Ore Mine. Once these applications are finalised, all the group's mining rights will be 'new order rights' as envisaged by the Minerals and Petroleum Resources Development Act (refer to Black Economic Empowerment page 40).

DISCLOSURE OF SPECIAL SHARE REPURCHASES

At a general meeting convened on 4 September 2008, shareholders approved all resolutions pertinent to the proposed repurchase of shares which were detailed in a circular to shareholders on 12 August 2008 and subsequently updated with the release of results for the financial year, dated 29 August 2008. These shares were acquired with the intention of being on-sold into a second BEE transaction in order to increase ownership of Assore shares by HDSAs from the current 15,3% to 26% as required by the charter by the year 2014.

Current stock market conditions, both locally and internationally, are rendering it extremely difficult to complete the envisaged transaction to take Assore's empowerment to 26% in the short term. However, the group has the necessary cash flow to finance the cost of the preference shares which were issued on 15 September 2008, which at current rates amounts to approximately R27 million per month. In all likelihood the group will be in a position to commence redeeming these shares out of cash resources during the forthcoming year.

DIVIDENDS

An increased interim dividend of 250 cents (2007: 150 cents) per share was declared on 18 February 2008 and paid to shareholders on 17 March 2008.

In line with the results for the year the board declared an increased final dividend of 1 000 cents (2007: 200 cents), making a total dividend for the year of 1 250 cents per share (2007: 350 cents). The final dividend will have been paid to shareholders on 22 September 2008 and is not included in the income statement as it was declared after year-end.

OUTLOOK

As I indicated at the beginning of this review, making any specific comments regarding the outlook for the next financial year in the prevailing economic conditions would be little more than a hazardous guess. Assore's fundamental position is one of strength and remains so, going ahead, but it has to be borne in mind that our products are largely exported to countries whose demand for them could be significantly affected by the financial health of those countries, or the countries to which they sell after refining and processing.

Many of our sales are contractual – the iron ore on annual terms, manganese ore between three and six months, while alloy contracts are fixed quarterly. Had the world economic 'meltdown' not occurred, it is reasonable to say that we would have been looking at another good year. I cannot be more specific than that.

Of potentially favourable consideration is the fact that the bulk of Assmang sales are paid in foreign currencies, mainly US dollars and that a weaker rand – already a fact at the time of writing – has a significantly beneficial effect on income, as it has done regularly in recent years.

APPRECIATION

Another record year highlights the persistent dedication and commitment of management and staff, for which I thank them, particularly since operating at high tempo places its own strains on resources. The part played by our customers, suppliers, shareholders and bankers has again contributed greatly and receives our appreciation.

D. Sacco

Desmond Sacco
Chairman

29 October 2008

The Khumani Iron Ore Mine commenced production in May 2008 and is on schedule to ramp up exports from 8,4 million to 10 million tons per annum with effect from the first quarter of 2010.

As a result of the higher US dollar prices for manganese alloys for the year combined with increased sales of manganese ore, the contribution to the profit of Assore from this division increased to R2 044 million (2007: R287,9 million)

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 (the Works). Cato Ridge Alloys, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation Limited (both of Japan), produces refined ferromanganese by blowing oxygen into a converter which contains molten metal supplied by the Works. Feed for the 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 for the year were as follows:

	Metric tons '000 2008	Metric tons '000 2007
Manganese ore*	**3 711**	2 327
Manganese alloys*	**247**	251

* Excludes intragroup sales

Manganese ores and alloys are used in the production of crude steel, and world crude steel production continued to grow in the year under review increasing for the 2007 calendar year by 8,1% to a record of 1 343 million tons (2006 calendar: 1 240,0 million tons) of which China produced 489,0 million tons (2006 calendar: 419,0 million tons), representing an increase over the previous year of 16,7% (2007: 17,7%). Chinese growth remains the main driver in the demand for crude steel but it is unlikely that the current growth of steel output in China will continue at its present rate. With strong demand from increasing steel production and a shortage of both high and medium grade manganese ore, due to the consolidation of suppliers as well as a reduction in sales to the seaborne market by some integrated producers, prices of both manganese ores and alloys rose to unprecedented levels during the year under review. Prices for manganese alloys were propelled even further by other factors such as increased export taxes in China and electric power cost escalations.

The performance of the Manganese Division was negatively affected by the disruption to production caused by the unfortunate explosions at Cato Ridge Works in December 2007 and February of this year, regrettably resulting in seven fatalities. The latter explosion destroyed Furnace 6, severely damaging the control room of Furnace 5 and caused the entire plant to be shut down for a period of time. Furnace 6 has been rebuilt and was recommissioned during October this year. Where possible contractual sales commitments have been met by selling from inventory.

Sales of high carbon ferromanganese were marginally up at 174 000 tons for the year (2007: 170 000 tons), but stocks were significantly reduced as a result of the lower production. Alloy sales from the

The bulk of chrome ore mined worldwide is converted to ferrochrome and utilised in the production of stainless steel.

RUSTENBURG MINERALS

metal recovery plant increased to 29 071 tons (2007: 24 000 tons) for the year in line with production improvements. Refined ferromanganese sales were, however, severely affected by the explosion at Furnace 6 and reduced sales volumes to 44 705 tons from the previous year's 56 000 tons. With Furnace 6 back in production at Cato Ridge Alloys, the hot metal supply to the refining converter of Cato Ridge Alloys will return to normal from November 2008 onwards.

As a result of the higher US dollar prices for manganese alloys for the year combined with increased sales of manganese ore, the contribution to the profit of Assore from this division increased to R2 044 million (2007: R287,9 million). Capex for the year for the Manganese Division was R510,8 million (2007: R297,7 million) of which R292,7 million (2007: R34,7 million) was spent on furnace rebuilds and R218,1 (2007: R38,9 million) on various smaller projects at the mine.

CHROME AND CHROME ALLOYS

Chrome ore is mined at Assmang's Dwarsrivier Mine near Lydenburg in Mpumalanga province and production is used mainly to supply Assmang's Ferrochrome Works at Machadodorp. The group also mines chrome ore near Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited) (RMDC) in open-cast operations and production is supplied mainly to the local market (refer to Black Economic Empowerment).

The bulk of chrome ore mined worldwide is converted to ferrochrome and utilised in the production of stainless steel. Global stainless steel production has remained almost flat during the period under review, with production in the first half of calendar 2008 at 15,2 millions tons (2007: 15,5 million tons) and total production for calendar 2008 unlikely to exceed 28,2 million tons (2007 calendar year: 28,5 million tons).

Despite stainless steel's disappointing performance, demand for ferrochrome remained very strong throughout the period due to requirements from China and a reduction in austenitic stainless steel production due to high nickel prices. This reduction in turn caused an increase in ferritic production with a resulting rise in demand for raw materials. This change in market demand combined with low stocks levels and the uncertainties created by the electrical power supply outages at the beginning of the year, assisted ferrochrome producers in achieving significant price increases in three out of the four quarters.

Assmang's charge chrome sales increased by 18,4% to 274 829 tons for the financial year (2007: 232 000 tons), while chrome ore sales increased by 76,7% to 304 000 tons (2007: 172 000 tons). As a result of the higher prices and increased volumes, the division made a substantially higher profit for the year and the contribution to the profit of Assore was R341,5 million (2007: R38,4 million).

The Khumani Mine is on schedule and within budget to ramp up production for export to 10 million tons per annum with effect from the first quarter of 2009 and production for the year to June 2009 should increase to 7,2 million tons.

Approximately 341 634 tons (2007: 286 032 tons) of run of mine, lumpy and concentrate were produced by RMDC during the year which, as a result of higher prices, resulted in a net profit after tax of R53,7 million (2007: R10,2 million) of which R23,6 million (2007: R4,5 million) was due to minorities, being BEE partners, Mampa Investment Holdings (Proprietary) Limited.

Mining operations at RMDC are still open-cast, however, open-cast resources will be largely depleted during the forthcoming year and two underground shafts are being developed on the existing deposits at an estimated cost of R150 million (2007: R100 million). Development of these shafts commenced in the current period and, as a result, capital expenditure during the year increased to R49,4 million (2007: R7,6 million). Capital expenditure on the new shafts will be funded from the cash resources of RMDC and, if required, loan facilities made available by Assore.

IRON ORE

Iron ore is mined by Assmang in open-cast operations at Beeshoek which is located outside Postmasburg in the Northern Cape (Beeshoek) and from the new Khumani Iron Ore Mine near Kathu (Khumani) which commenced production in May 2008. During the year and until the plant and loading facilities at Khumani became operational, detrital iron ore from Khumani was transported by road to Beeshoek for processing in order to meet contractual commitments to customers.

Sales of iron ore for the year were in line with both plan and contractual commitments and totalled 6,6 million tons (2007: 6,9 million tons). The Khumani Mine is on schedule and within budget to ramp up production for export from 8,4 million tons per annum to 10,0 million tons per annum with effect from the first quarter of 2010, and production for the year to June 2009 should increase to 7,2 million tons.

Following a successful prefeasibility study, agreement has been reached to proceed with a feasibility study on a 6 million tons expansion at Khumani which would increase production capacity from 10 million tons per annum to 16 million tons per annum at an estimated cost of R7,3 billion. The study and start-up expenditure of R1,2 billion, including the purchase of long lead time capital items, has been approved and should be completed by the second quarter of calendar 2009. In line with commitments received from Transnet on the additional rail and port capacity required, 4 million of the 6 million tons will be sold in the export market and the balance of 2 million tons will be placed into the local market.

World demand for seaborne iron ore continued to grow rapidly during the year-end and for calendar 2007 was 782,0 million tons (2006: 722,0 million tons) with demand expected to increase to at least 866 million tons in 2008 as the growth in world crude steel production continues.

The bulk of the material mined is reworked into finished components and exported to the United States of America, the United Kingdom and the Far East.

Based on strong world demand for iron ore, particulary from China, prices improved provisionally by a further 65% in the last quarter of the year under review. Based on the higher prices, the contribution of the Iron Ore Division to Assore profit was significantly higher at R390 million (2007: R339,7 million).

Capital expenditure for the year in the Iron Ore Division was R2 231,0 million (2007: R1 734,5 million) of which R2 131,0 million (2007: R1 641,0 million) was spent on development of Khumani with production commencing in May 2008 at a capital cost to date of R3 770,5 million. Capacity is currently being increased from 8,4 million tons to 10,0 million tons which is on schedule to be achieved by the first quarter of 2010 and at a total cost, including expenditure to date, of R4,2 billion.

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 reworked into finished components and exported to the United States of America, the United Kingdom and the Far East. The components are utilised in various hi-tech industrial applications including the manufacture of synthetic diamonds and consumable products for the welding and electronics industries.

During the year, sales of 545,3 tons (2007: 726,9 tons) of natural pyrophyllite were concluded at US dollar prices slightly higher than the previous year. In response to market demand, the company also supplies certain customers with a range of high-precision components for use directly in their manufacturing processes. Last year 1 383 400 (2007: 1 299 431) components were produced and sold on this basis.

Wear-resistant tiles are also produced by the company's Technical Ceramics Division, Ceramox, which it acquired in 2002. Turnover, has increased by 23,6% in the past year and should increase significantly following the capital expansion project scheduled for completion by the first quarter of 2009. Wonderstone is also produced in powder form to customer-specific, particle size distribution requirements. This specified powder can be supplied in natural, calcined or spray dried form. Customers for these products benefit from the higher degree of technical support with regard to the material's performance characteristics and technical applications. Both the mine and its manufacturing operations have been awarded ISO 9001: 2000 and ISO 14001 accreditation.

Turnover for the year increased to R39,9 million (2007: R35,7 million) due to increased sales prices, sales volumes and favourable exchange rates resulting in a profit for the year of R4,9 million (2007: loss R2,8 million).

The company is an established supplier to the steel and allied industries worldwide and has operated effectively in these markets for over 70 years.

ORE AND METAL

Capital expenditure for the year amounted to R15,5 million (2007: R3,3 million), most of which was spent on the expansion of the manufacturing operations.

SYNTHETIC DIAMONDS

The group's synthetic diamond production facility operates from premises in Linbro Park on the outskirts of Johannesburg under the name of Xertech. Sales were concluded mainly for export during the year in terms of a sales agency agreement finalised in the previous year 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 acceptance. Due to delays in commissioning, the two additional 14 000 ton presses sales are still not covering fixed costs and a loss of R27,0 million (2007: R15,1 million loss) was incurred 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.

Capital expenditure for the year was R14,1 million (2007: R42,0 million) and it is anticipated that the increased capacity will impact significantly on sales and reduce average cost of production in the forthcoming year.

MARKETING AND SHIPPING

Wholly owned subsidiary, Ore and 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 R14,6 billion (2007: R6,3 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 is based on the value of sales negotiated during the year and, based on the higher sales volumes and prices achieved for most products, profit after taxation increased to R145,5 million (2007: R50,5 million) for the year under review.

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 R50,1 million (2007: R15,7 million) due mainly to the strong markets in manganese and chrome alloys.

African Mining and Trust Company Limited provides operational management services to the group's mines and plants including joint management responsibility for Assmang.

AFRICAN MINING

TECHNICAL AND OPERATIONAL MANAGEMENT

As technical adviser to Assmang and other group companies, African Mining and Trust Company Limited provides operational management services to the group's mines and plants including joint management responsibility for Assmang. For these services it receives fee income based on turnover and commodity prices, and net profit after taxation for the year increased to R113,6 million (2007: R30,5 million).

INVESTMENTS

The group maintains a portfolio of listed shares which are selected and held in accordance with long-term investment criteria. Additions were made to the portfolio during the year at a cost of R149,1 million (2007: Rnil) and disposals generated a profit after capital gains tax of R19,2 million (2007: R36,8 million). 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 remaining portfolio was R590,1 million (2007: R236,0 million) based on a cost of R181,4 million (2007: R37,0 million). Dividends received on the portfolio for the year were R9,0 million (2007: R5,0 million).

Other income also includes interest received of R67,7 million (2007: R20,7 million) generated from cash in excess of current requirements which is invested on a short-term basis in the money market.

This report is issued as the annual update of resources and reserves to inform shareholders and potential investors of the mineral assets controlled by the group.

RESERVES AND RESOURCES OVERVIEW
ASSMANG (JOINTLY HELD)

MANGANESE	(MEASURED+INDICATED)			(PROVED+PROBABLE)		
	Mineral resources			Mineral reserves		
	Mt	Mn %	Fe %	Mt	Mn %	Fe %
BLACK ROCK						
No. 1 Seam	137,7	44,7	8,83	115,3	44,7	8,83
No. 2 Seam	185,2	42,5	15,4	–	–	–
GLORIA						
No. 1 Seam	52,5	38,3	5,54	40,4	38,3	5,54
No. 2 Seam	29,4	29,9	10,1	–	–	–

IRON ORE	(MEASURED+ INDICATED)		(PROVED+ PROBABLE)	
	Mineral resources		Mineral reserves	
	Mt	Fe %	Mt	Fe %
BEESHOEK	120,4	63,55	22,9	64,28
KHUMANI				
Bruce	265,0	64,69	215,3	64,5
King	379,7	64,49	295,6	64,52

CHROMITE	(MEASURED+ INDICATED)		(PROVED+ PROBABLE)	
	Mineral resources		Mineral reserves	
	Mt	Cr_2O_3 %	Mt	Cr_2O_3 %
DWARSRIVIER	44,0	39,16	35,1	39,16

SUBSIDIARY COMPANIES

		In situ resource (millions)				Reserve (millions)		
Mine	Commodity	Measured tons	Indicated tons	Inferred tons	Total resource	Proved tons	Probable tons	Total reserve
Rustenburg Minerals	Chrome	2,0	2,9	5,4	10,3	1,3	1,8	3,1
Wonderstone Ltd	Wonderstone	4,8	0,0	104,8	109,6	4,6		4,6
Zeerust Chrome	Chrome	0,9	0,0	10,6	11,5	0,8		0,8

SALIENT HIGHLIGHTS 2007/2008

Khumani – 15% increase in iron ore reserves due to higher iron ore prices. Export production starts mid-2008.

Beeshoek – Supplied both local and export markets. Resources/reserves now under severe strain.

Nchwaning – Measured resources increased by 172% due to the more appropriate classification methods used.

Dwarsrivier – Chrome production exceeded target by 14%. Board approval for the North decline.

A detailed Mineral and Resources report follows for Assmang. Detailed reports were not prepared for the resources and reserves of subsidiary companies on the basis of materiality and readers are referred to the review of operations for further detail.

MINERAL RESERVES AND RESOURCES REPORT – Assmang operations

GENERAL STATEMENT

Assmang's method of reporting mineral resources and mineral reserves conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

The convention adopted in this report is that mineral resources are reported inclusive of that portion of the total mineral resource converted to a mineral reserve. Resources and reserves are quoted as at 30 June 2008.

Underground resources are in situ tonnages at the postulated mining width, after deductions for geological losses. Underground mineral reserves reflect milled tonnages while surface mineral reserves (dumps) are in situ tonnages without dilution. Both are quoted at the grade fed to the plant. Open-cast mineral resources are quoted as in situ tonnages and mineral reserves are tonnages falling within an economic pit-shell.

The evaluation method is generally ordinary kriging with mining block sizes ranging from 10 x 10 metres to 50 x 50 metres in the plan view. The blocks vary in thickness from 5 to 10 metres. The evaluation process is fully computerised, generally utilising the Datamine software package.

The mineral resources and mineral reserves are reported on a total basis regardless of the attributable beneficial interest that Assmang has on the individual projects or mines.

Maps, plans and reports supporting resources and reserves are available for inspection at Assmang's registered office and at the relevant mines.

In order to satisfy the requirements of the Minerals and Petroleum Resources Development Act, Assmang's operations will have to obtain new mining rights for all properties required to support the planned operations over the next 30 years. The Act is effective from 1 May 2004 and the new rights must be obtained within five years from then. The operations are at various stages of application.

Rounding of figures may result in computational discrepancies.

DEFINITIONS

The definitions of resources and reserves, quoted from the SAMREC CODE, are as follows:

A **'mineral resource'** is a concentration (or occurrence) of material of economic interest in or on the earth's crust in such form, quality or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.

An **'inferred mineral resource'** is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An **'indicated mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **'measured mineral resource'** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

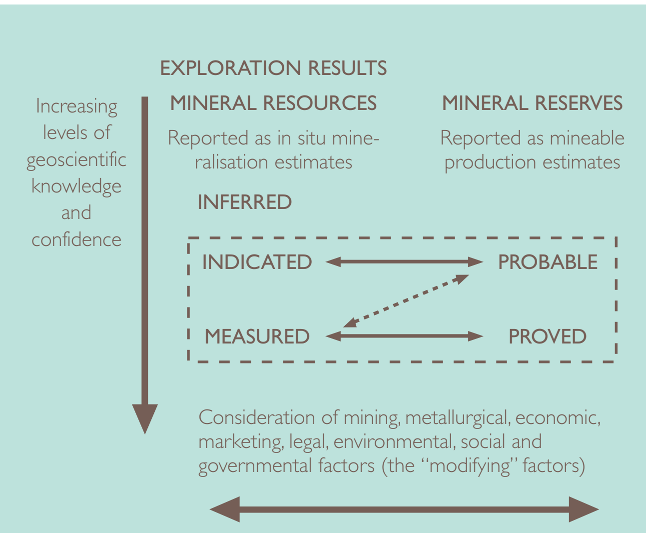
A **'mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical,

ORE RESERVES AND MINERAL RESOURCES (continued)

economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral reserves are sub-divided in order of increasing confidence into probable mineral reserves and proved mineral reserves.

A **'probable mineral reserve'** is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved mineral resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.

A **'proved mineral reserve'** is the economically mineable material derived from a measured mineral resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified.



COMPETENCE

The competent person with overall responsibility for the compilation of the Mineral Reserves and Resources report is Paul van der Merwe, PrSciNat, an ARM employee. He consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Paul van der Merwe graduated with a BSc (Hons) in Geology from the Free State University. He spent four years as an exploration geologist at FOSKOR. He then joined the Uranium Resource Evaluation Group of the then Atomic Energy Corporation of South Africa for 12 years. While employed there he studied geostatistics and spent some time at the University of Montreal, Canada. In 1991 he joined Anglovaal Mining (now ARM) in the Geostatistics Department and evaluated numerous mineral deposit types for this group in Africa. In 2001 he was appointed as Mineral Resource Manager for the group. He is registered with the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of geological science, Registration number 400498/83, and as such is considered to be a competent person.

All competent persons at the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. Details of the competent persons are available from the company secretary on written request.

The following competent persons were involved in the calculation of mineral resources and reserves.

RESOURCES AND RESERVES

M Burger/S v Niekerk, PrSciNat	Iron
B Rusive	Manganese
M Burger, PrSciNat	Chrome

P J van der Merwe
August 2008

Manganese

Locality – The manganese mines are situated in the Northern Cape province of South Africa, approximately 80 kilometres north-west of the town of Kuruman. Located at latitude 27°07'50''S and longitude 22°50'50''E, the site is accessed via the national N14 route between Johannesburg and Kuruman, and the provincial R31 road.

History – In 1940, Assmang acquired a manganese ore outcrop on a small hillock known as Black Rock. Several large properties underlain by ore were subsequently found and acquired. Today the Black Rock area is considered to be the largest and richest manganese deposit in the world. Manganese ore operations were extended and today include the Gloria and Nchwaning underground mines. Manganese ore is supplied locally to Assmang-owned smelters, but is mainly exported through Port Elizabeth to Japanese and German customers.

Mining authorisation – The Nchwaning mining lease (ML10/76) comprises an area of 1 877,0587 hectares and is located on the farms Nchwaning (267), Santoy (230) and Belgravia (264). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

The Gloria mining lease (ML11/83) comprises an area of 1 713,1276 hectares and is located on portion 1 of the farm Gloria (266). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

Geology – The manganese ores of the Kalahari Manganese field are contained within sediments of the Hotazel Formation of the Griqualand West Sequence, a subdivision of the Proterozoic Transvaal Supergroup. At Black Rock, Belgravia and Nchwaning, the Hotazel, Mapedi and Lucknow Formations have been duplicated by thrusting. The average thickness of the Hotazel Formation is approximately 40 metres.

The manganese ore bodies exhibit a complex mineralogy and more than 200 mineral species have been identified to date. The hydrothermal upgrading has resulted in a zoning of the ore body with regard to fault positions. Distal areas exhibit more original and low-grade kutnohorite + braunite assemblages, while areas immediately adjacent to faults exhibit a very high-grade hausmannite ore. The intermediate areas exhibit a very complex mineralogy, which includes bixbyite, braunite and jacobsite amongst a host of other manganese-bearing minerals. A similar type of zoning also exists in the vertical sense. At the top and bottom contacts it is common to have high iron (Fe) and low manganese (Mn) contents while the reverse is true towards the centre of the seam. This vertical zoning has given rise to a mining practice where only the centre 3,5-metre-high portion of the seam is being mined. At the Gloria Mine the intensity of faulting is much less, which also explains the lower grade.

Two manganese seams are present. The No. 1 seam is up to 6 metres in thickness, of which 3,5 metres are mined, using a manganese marker zone for control. There is, therefore, minimum dilution. Studies are being undertaken to evaluate the effect of increasing the mining height to 5 metres.

Mineral resources and ore reserves – Measured resources at Nchwaning are based on the two-thirds of the semivariogram sill range. Areas where the borehole spacing is greater than this distance and up to the sill range are classified as indicated. There are no inferred resources at Nchwaning. Measured/indicated resources were converted to proved/probable reserves by an LOM scheduling exercise done by Snowden Mining Consultancy. Geological losses are built into the grade models. Measured resources at Gloria are classified as material available up to 50 metres in front of the mining faces. Material situated further than 50 metres from the face and up to a boundary string around the dense drilled area on Gloria is classified as indicated resources. The rest of the property with limited drill information is classified as inferred. In the coming year an increase in the measured resources by in-fill drilling is anticipated. At Gloria a 23% pillar loss is accounted for in moving measured/indicated resources into proved/probable reserve.

The Nchwaning Mine was diamond drilled from surface at 330-metre centres and the data captured in Excel spreadsheets. The core was logged and 0,5-metre-long, half-core, diamond-saw cut samples were submitted to Assmang's laboratory at Black Rock for X-ray fluorescence (XRF) analyses. Mn and Fe values were checked by wet chemical analyses. Several standards were used to calibrate XRF equipment, and results are compared with other laboratories on a regular basis.

At Nchwaning a total of 341 boreholes for the No. 1 ore body and 372 holes for the No. 2 ore body, as well as a total of 20 000+ face samples were considered in the grade estimation. The available data for an area was optimised over a thickness of 3,5 metres and exported into data files for computerised statistical and geostatistical manipulation to determine the average grades of Mn, Fe, silica (SiO_2), calcium (CaO) and magnesium (MgO).

Ordinary kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3,5-metre block generated within the geological model. Sub-cell splitting of the 50 x 50-metre blocks was allowed to follow the geological boundaries accurately.

ORE RESERVES AND MINERAL RESOURCES (continued)

The relative density of Nchwaning manganese ore was taken as 4,3 t/m^3.

Trackless mechanised equipment is used in the bord and pillar mining method. Mining in the eastern extremity of Nchwaning occurs at a depth of 200 metres while the deepest (current) excavations can be found at a depth of 519 metres below the surface. Gloria Mine is extracting manganese at depths that vary between 180 and 250 metres below the surface.

Ore from Nchwaning No. 2 mine is crushed underground before being hoisted to a surface stockpile via a vertical shaft. Similarly, ore from the Nchwaning No. 3 mine is crushed underground before being conveyed to a surface stockpile via a declined conveyor system. Ore is withdrawn from the surface stockpile and forwarded to two stages of crushing, dry screening and wet screening to yield lumpy and fine products.

At the Gloria Mine, ore is crushed underground before being conveyed to a surface stockpile via a decline shaft. At both plants the finer fractions are stockpiled while the coarser fractions are extracted from the respective product boxes into road haulers, sampled, weighed and stored on stacks ahead of despatch. Samples from each stack are analysed for chemical content and size distribution. This ensures good quality control and enables the ore control department to blend various stacks according to customer demand.

Year-on-year change – The 2008 mineral reserves for the Nchwaning No. 1 ore body changed from 114,6 million tonnes in 2007 to 115,3 million tonnes. A LOM scheduling exercise by Snowden showed that the 20% loss when changing from resource to reserve previously used, proved to be very conservative, hence the increase in reserves. The mineral resources at Nchwaning No. 1 ore body decreased by 5,7 million tonnes to 137,7 million tonnes (143,4 million tonnes). The mineral resources at Nchwaning No. 2 ore body increased slightly to 185,2 million tonnes from 181,9 million tonnes. This is the same as it was in 2006 (184,7 million tonnes), indicating a modelling problem in 2007.

NCHWANING MINE: 2 BODY MANGANESE RESOURCES

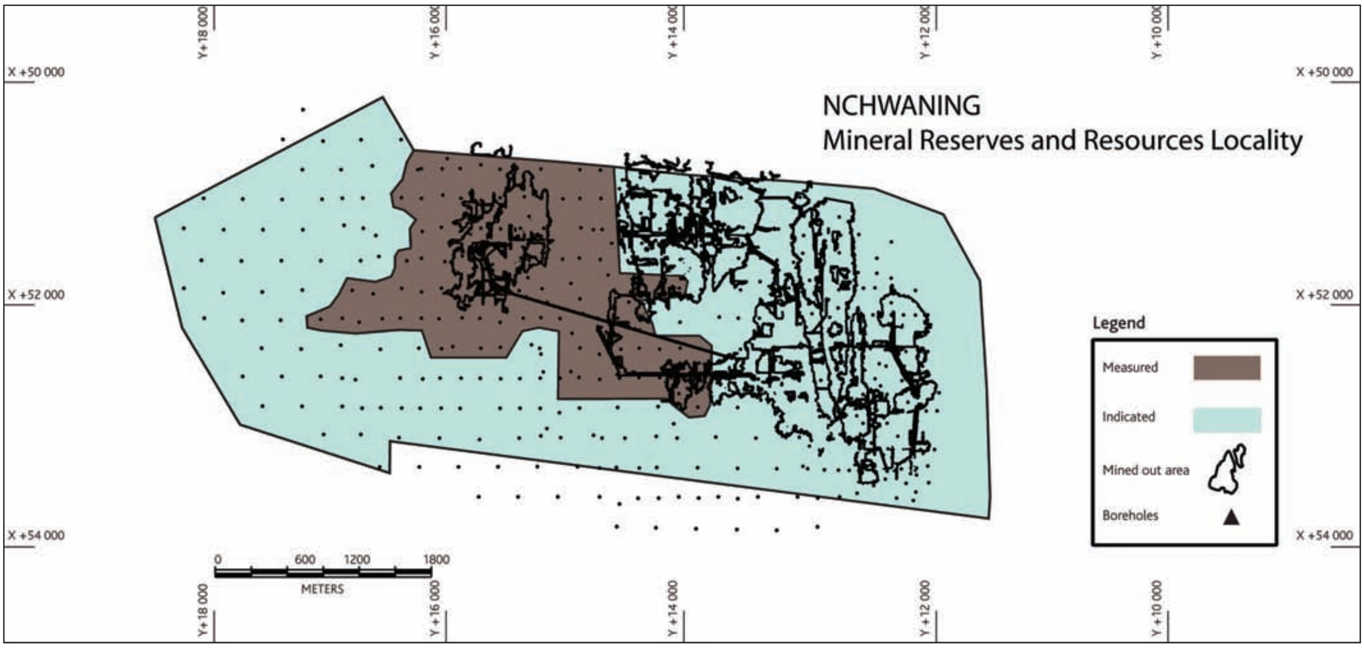
Nchwaning 2 body resources	Tonnes Mt	Mn %	Fe %
Measured	53,9	42,1	16,1
Indicated	131,3	42,6	15,1
Total resources 2 body 2008	**185,2**	**42,5**	**15,4**
Total resources 2 body 2007	181,9	42,4	15,5
Inferred	none		

Measured resources are based on two-thirds of the semivariogram sill range rule. Areas outside this distance are classified as indicated. Proved reserves = Measured resources used in LOM scheduling by Snowden. Probable reserves = Indicated resources used in LOM scheduled by Snowden.

NCHWANING MINE: 1 BODY MANGANESE RESOURCES/RESERVES

Nchwaning 1 body resources	Tonnes Mt	Nchwaning 1 body reserves	Tonnes Mt	Mn %	Fe %
Measured	43,8	Proved	37,6	46,9	8,96
Indicated	93,9	Probable	77,7	43,7	8,76
Total resources 1 body 2008	**137,7**	**Total reserves 1 body**	**115,3**	**44,7**	**8,83**
Total resources 1 body 2007	143,4	Total reserves 1 body	114,70	44,8	8,87
Inferred		none			

Nchwaning borehole locality map showing the mineral resource classification



Procedures for drilling and assaying at Gloria Mine are the same as at Nchwaning. A total of 103 boreholes were considered in the evaluation of the Gloria No. 1 body mine. The wide-spaced borehole interval puts some limitation on the evaluation in areas away from current mining faces. A total of 5 100+ underground sampling values were used in evaluating areas close to current mining. The boreholes were optimised over a stoping width of 3,5 metres and the relative density was taken as 3,8 t/m^3. The seams were evaluated by means of statistical and geostatistical methods to determine the average grades of Mn, Fe, SiO_2, CaO and MgO. Ordinary kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3,5-metre block generated within the geological model. Sub-cell splitting of the 50 x 50-metre blocks was allowed to follow the geological boundaries.

Year-on-year-change – The 2008 proved reserves at Gloria No. 1 body decreased to 6,8 million tonnes (7,7 million tonnes) due to re-evaluation and production draw-down. The probable reserves also decreased from 67,4 million tonnes to 33,6 million tonnes as a result of a new delineation approach followed for the indicated resources. A substantial increase of the inferred resources is seen due to the more appropriate delineation boundary for Indicated resources. The mineral resources at Gloria No. 2 body were also reclassified using the new boundaries and substantial shifts in resources between categories occur. No markets exist for Gloria No. 2 body ore at this point in time.

GLORIA MINE: 2 BODY MANGANESE RESOURCES

Gloria 2 body resources	Tonnes Mt	Mn %	Fe %
Measured	–	–	–
Indicated	29,4	29,9	10,1
Resources 2 body 2008	**29,4**	**29,9**	**10,1**
Resources 2 body 2007	67,9	31,9	10,9
Inferred 2008	**132,3**	–	–
Inferred 2007	70,3		

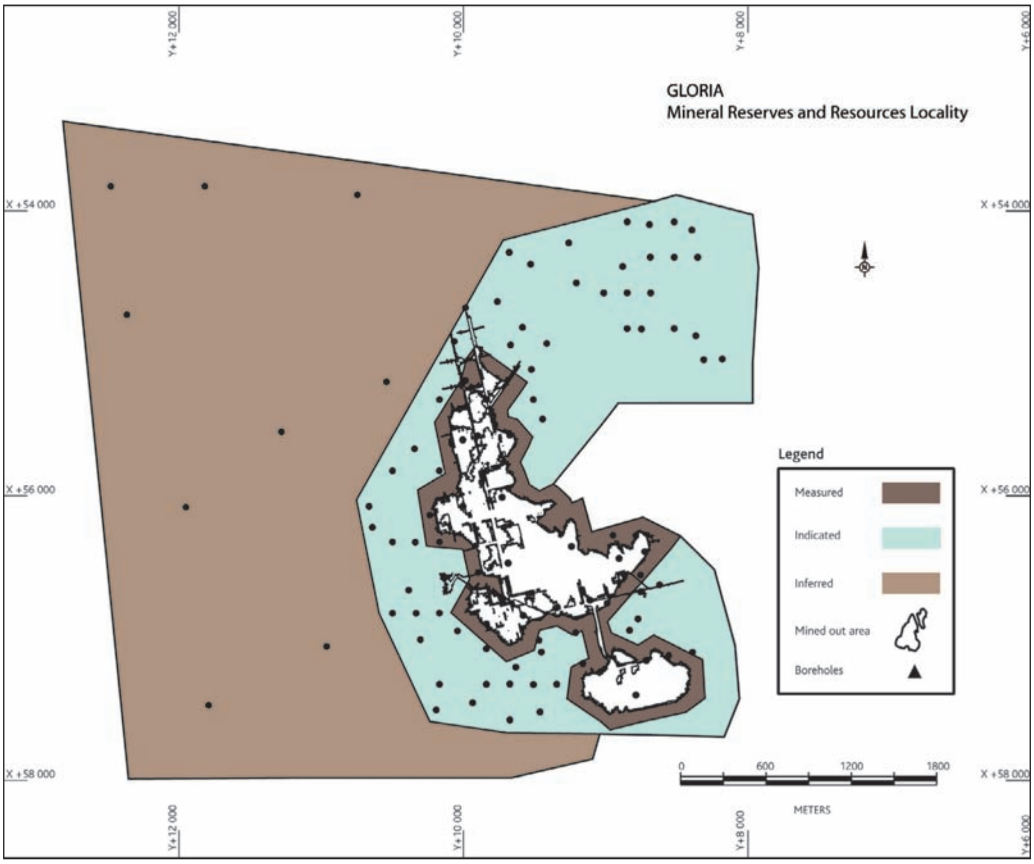
Measured resources = immediately available tonnes up to 50 metre in front of mining faces. Indicated resources are as per dense drilling area (see map). Proved reserves = measured resources less 23% pillar loss. Probable reserves = indicated resources less 23% pillar loss.

GLORIA MINE: I BODY MANGANESE RESOURCES/RESERVES

Gloria I body resources	Tonnes Mt	Gloria I body reserves	Tonnes Mt	Mn %	Fe %
Measured	8,82	Proved	6,8	38,4	4,9
Indicated	43,7	Probable	33,6	38,3	5,67
Total resources I body 2008	**52,5**	**Total reserves I body**	**40,4**	**38,3**	**5,54**
Total resources I body 2007	97,6	Total reserves I body	75,1	38,3	5,67
Inferred 2008	**132,3**		–	–	–
Inferred 2007	70,3				

HISTORICAL MANGANESE PRODUCTION AT NCHWANING AND GLORIA MINES

Year	Nchwaning Mt	Gloria Mt
2003/2004	1,17	0,33
2004/2005	1,97	0,15
2005/2006	2,83	0,13
2006/2007	2,49	0,43
2007/2008	**2,71**	**0,41**



Iron ore

Locality – The Iron Ore Division is made up of the Beeshoek Mine located on the farms Beeshoek 448 and Olynfontein 475. The iron ore resources on the farms Bruce 544, King 561 and Mokaning 560, which were formerly known as the BKM Project, are now being developed into what is known as the Khumani Iron Ore Mine. All properties are in the Northern Cape approximately 200 kilometres west of Kimberley. The Beeshoek open-pit operations are situated 7 kilometres west of Postmasburg and the new Khumani open pits will be adjacent to, and south-east of, the Sishen Mine, which is operated by Kumba Resources. Located at latitude 28°30'00"S/ longitude 23°01'00"E, and latitude 27°45'00"S/longitude 23°00'00"E respectively, these mines supply iron ore to both the local and export markets. Exports are railed to the iron ore terminal at Saldanha Bay.

History – Mining of iron ore (mainly specularite) was undertaken as early as 40 000 BC on the farm Doornfontein which is due north of Beeshoek. The potential of iron ore in this region was discovered in 1909, but, due to lack of demand and limited infrastructure, this commodity was given little attention. In 1929 the railway line was extended from Koopmansfontein (near Kimberley) to service a manganese mine at Beeshoek. In 1935 The Associated Manganese Mines of South Africa Limited (Assmang) was formed, and in 1964 the Beeshoek iron ore mine was established, with a basic hand sorting operation. In 1975 a full washing and screening plant was installed and production increased over the years to the current level of approximately 6 million tonnes a year.

Mining authorisation – The Beeshoek mining lease (ML3/93) comprises an area of 5 685,64 hectares and is located on the farms Beeshoek (448) and Olynfontein (475). An application for the conversion to a new order mining right was submitted during the 2008 financial year.

The Khumani mining lease comprises an area of 7 388,02 hectares and is located on the farms Bruce (544), King (561), Mokaning (560) and McCarthy (559). New order mining rights were granted during the 2007 financial year.

Geology – The iron ore deposits are contained within a sequence of early proterozoic sediments of the Transvaal Supergroup deposited between 2 500 and 2 200 million years ago. In general two ore types are present, namely laminated hematite ore forming part of the Manganore Iron Formation and conglomerate ore belonging to the Doornfontein Conglomerate Member at the base of the Gamagara Formation.

The older laminated ore types occur in the upper portion of the Manganore Iron Formation as enriched high-grade hematite bodies. The boundaries of high-grade hematite ore bodies crosscut primary sedimentary bedding, indicating that secondary hematitisation of the iron formation took place. In all of these, some of the stratigraphic and sedimentological features of the original iron formation are preserved.

The conglomeratic ore is found in the Doornfontein Conglomerate Member of the Gamagara Formation and is lenticular and not persistently developed along strike. It consists of stacked, upward fining conglomerate-gritstone-shale sedimentary cycles. The lowest conglomerates and gritstones tend to be rich in sub-rounded to rounded hematite ore pebbles and granules and form the main ore bodies. The amount of iron ore pebbles decreases upwards in the sequence so that upper conglomerates normally consist of poorly sorted, angular to rounded chert and banded iron formation pebbles.

The erosion of the northern Khumani deposit is less than that in the southern Beeshoek area. The result is that Khumani is characterised by larger stratiform bodies and prominent hanging wall outcrops. The down-dip portions are well preserved and developed, but in outcrop the deposits are thin and isolated. Numerous deeper extensions occur into the basins due to karst development. A prominent north-south strike of the ore is visible. The southern Beeshoek ore bodies were exposed to more erosion and are more localised and smaller. Outcrops are limited to the higher topography on the eastern side of the properties. Down dip to the west, the ore is thin and deep. The strike of the ore bodies is also in a north-south direction, but less continuous.

Haematite is the predominant ore mineral, but limonite and speccularite also occur.

MINERAL RESOURCES AND ORE RESERVES

In the iron ore operations, the following table shows how the search ellipse (ie the ellipsoid used by the kriging process to determine if a sample is used in the estimation of a block) is used to classify the mineral resource:

	Minimum number of samples	Maximum number of samples	Search ellipse settings XYZ (m)
Measured	6	30	100 × 100 × 10
Indicated	5	30	200 × 200 × 20
Inferred	4	30	400 × 400 × 40

ORE RESERVES AND MINERAL RESOURCES (continued)

Only measured and indicated resources are converted to proved and probable reserves respectively. Modifying factors were applied to these resources and financially optimised. The financial outline is used to define the optimal pit by means of the Lersch-Grossman algorithm. The resources within this mining constraint are defined as reserves. These are categorised into different product types, destined for the different plant processes and scheduled for planning.

The methodology followed to identify targets is initiated with geological mapping, followed by geophysics (ground magnetics and gravity). Percussion drilling is used to pilot holes through overlying waste rock down to the iron ore bodies. Diamond drilling is the next phase, which is usually on a 200 x 200-metre grid. Further infill drilling is carried out at spacing ranging from 100 x 100 metres to 25 x 25 metres, depending on the complexity of the geological structures. Numerous exploration programmes were completed in the last 40 years. A total of 2 832 holes (1 315 holes on Khumani and 1 517 holes on Beeshoek) were drilled. Core samples were logged and split by means of a diamond saw and the half-core is sampled every 0,5 metres. Before submission for assaying, the half-cores were crushed, split and pulverised. Samples with values larger than 60% are included in the definition of the ore bodies. Any lower-grade samples inside the ore body are defined as internal waste and modelled separately. Each zone is modelled per section, and then wire framed to get a three-dimensional (3D) model.

Ordinary kriging interpolation within Datamine was used to estimate the grade of each 10 x 10 x 10-metre block generated within the geological model. Density in the resource model is calculated using a fourth degree polynomial fit applied to the estimated Fe grade. Densities range from 4,38 t/m^3 (60% Fe) to 5,01 t/m^3 (68% Fe). A default density of 3,2 is used for waste.

At Beeshoek all blast holes are sampled per metre, but composited per hole. All holes are analysed for density and blast holes in ore are sampled and analysed for Fe, potassium oxide (K_2O), sodium oxide (Na_2O), silica (SiO_2), aluminium oxide (Al_2O_3), phosphorus (P), sulphur (S), CaO, MgO, Mn and barium oxide (BaO). Every fifth blast hole is geologically logged per metre, which is used to update the geological model. The chemical results of these holes are used to update the ore block model. Approximately 45 000 blast holes are drilled a year and 9 000 blast holes are used every year to update the models. The major analytical technique for elemental analyses is XRF spectroscopy. Volumetric titration is used as verification method for the determination of total iron in the ore. International standards (eg SARM11) and in-house iron standards are used for calibration of the XRF spectrometer. The Beeshoek laboratory participates in a round robin group that includes seven laboratories for verification of assay results.

HISTORICAL PRODUCTION AT BEESHOEK AND KHUMANI MINES

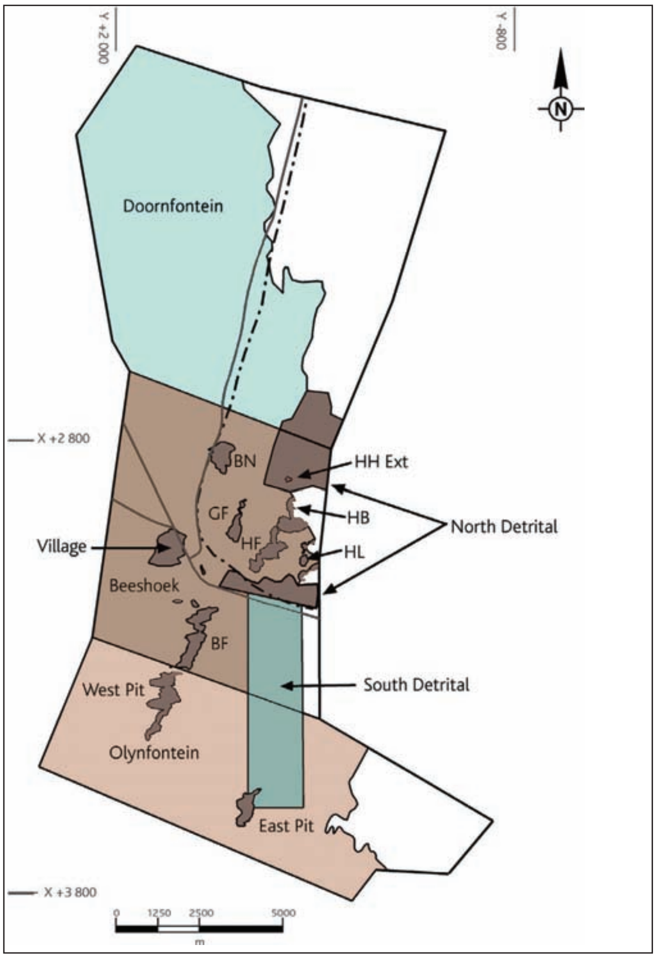
Year	Beeshoek Mt	Khumani Mt
2003/2004	6,3	
2004/2005	6,0	
2005/2006	6,2	
2006/2007	6,7	
2007/2008	**5,3**	**2,0**

Year-on-year change – The 2008 mineral resources at Beeshoek Mine decreased from 134,5 to 128,36 million tonnes, due to the annual production drawdown. The mineral reserves at Beeshoek decreased from 28,6 million tonnes to 22,6 million tonnes. The village deposit is still not in reserve as a result of the high stripping ratio, but due to the higher iron ore prices, this deposit will be revalued to see if its exploitation had become economic. Ore reserves at the BN and the BF pits were drawn down heavily to meet sales requirements. The Khumani Mine will take over the Beeshoek export production in mid-2008.

BEESHOEK IRON ORE: RESOURCES/RESERVES

Pit/Area	Measured Mt	Measured Fe %	Indicated Mt	Indicated Fe %	Inferred Mt	Inferred Fe %	Total resource no inferred Mt	Total resource no inferred Fe %	Proved reserve Mt	Proved reserve Fe %	Probable reserve Mt	Probable reserve Fe %	Total reserve Mt	Total reserve Fe %
BN	21,4	63,51	0,01	62,67	–	–	21,41	63,51	14,58	64,03	–	–	14,58	64,03
HF/HB	16,6	64,3	0,30	63,85	–	–	16,90	64,30	2,55	65,24	0,03	66,45	2,58	65,25
BF	8,57	63,35	0,23	63,54	–	–	8,80	63,36	3,54	63,72	0,01	62,58	3,55	63,72
East Pit	9,14	64,61	0,03	64,19	–	–	9,17	64,61	1,89	65,66	–	–	1,89	65,66
Village	40,79	63,56	0,09	64,64	–	–	40,89	63,57	–	–	–	–	–	–
GF	3,13	63,81	0,09	61,80	–	–	3,22	63,76	–	–	–	–	–	–
HH Ext	0,28	62,63	–	–	–	–	0,28	62,63	–	–	–	–	–	–
HL	3,57	65,09	0,05	65,23	–	–	3,62	65,1	0,27	65,96	–	–	0,27	65,96
West Pit	10,19	63,04	–	–	0,05	61,87	10,19	63,04	–	–	–	–	–	–
N Detrital	–	–	5,9	60,00	–	–	5,9	60,00	–	–	–	–	–	–
S Detrital	–	–	–	–	3,7	60,0	–	–	–	–	–	–	–	–
Total 2008	**113,67**	**63,74**	**6,65**	**60,44**	**3,75**	**61,87**	**120,38**	**63,55**	**22,8**	**64,28**	**–**	**–**	**22,9**	**64,28**
Total 2007	120,74	63,67	6,70	60,07	0,05	61,87	127,49	63,31	28,0	64,16	0,62	64,03	28,62	64,16

Beeshoek resources



Year-on-year change – At Khumani Mine the 2008 mineral resources remain the same when compared to 2007. The ore reserves increased by 15% to 510,9 million tonnes (444,7 million tonnes) due to the higher iron ore prices taken into account in the open-pit designs. It is however expected that these reserve figures will further increase due to the iron ore price increase announced in April 2008. Infrastructure construction is in progress, and production is to start mid-2008, with an estimated life of mine of 30 years. During the 2007/2008 financial year overburden stripping took place and in the order of 2 Mt ore was stockpiled.

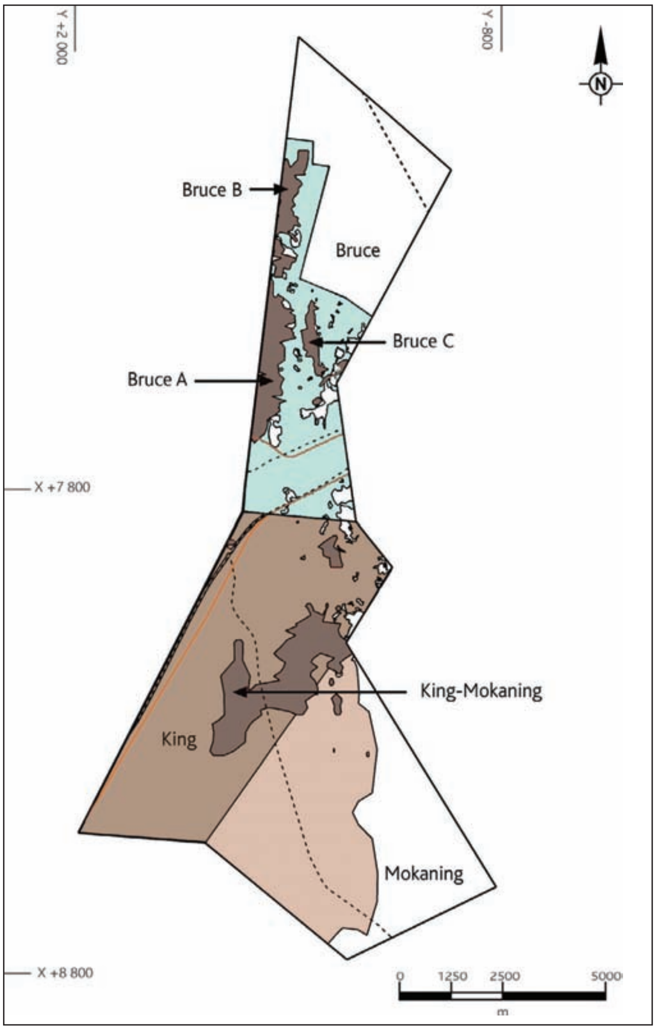
Mining operations are all open pit, based on the conventional drill-and-blast, truck-and-shovel operations. Run-of-mine ore is crushed and stored as high or normal grade on blending stockpiles. Ore from the stockpiles is either sent to the wash-and-screen plant or, if contaminated, to the beneficiation plant. The washing and screening plant consists primarily of tertiary crushing, washing, screening, conveying and stacking equipment. The beneficiation plant consists of tertiary crushers; scrubbers; coarse and fine jigs or Larcodems; fine crushing; elutriators and upward flow classifiers; lumpy, fines and scaw product stockpiles; and a rapid load-out facility. No chemical is being used in any of the treatment plants.

ORE RESERVES AND MINERAL RESOURCES (continued)

KHUMANI IRON MINE: RESOURCES/RESERVES

	Measured		Indicated		Inferred		Total measured and indicated		Proved reserve		Probable reserve		Total reserve	
Area	**Mt**	**Fe %**	**Mt**	**Fe %**	**Mt**	**Fe %**	**Mt**	**Fe %**	**Mt**	**Fe %**	**Mt**	**Fe %**	**Mt**	**Fe %**
Bruce A	23,5	64,91	99,0	64,54	0,8	63,37	122,5	64,60	13,9	64,47	84,2	64,43	98,1	64,44
Bruce B	21,1	65,71	77,0	64,06	8,7	64,64	98,1	64,43	20,4	65,55	64,7	63,88	85,1	64,28
Bruce C	37,2	65,45	6,9	65,95	1,6	64,80	44,1	65,45	30,4	65,27	1,66	65,55	32,1	65,28
King/Mokaning	255,8	64,53	123,9	64,48	17,7	63,98	379,7	64,49	209,6	64,47	85,99	64,64	295,6	64,52
Khumani Detrital	–	–	–	–	12,0	60,00	12,0	60,00	–	–	–	–	–	–
Total 2008	**337,9**	**64,73**	**306,8**	**64,43**	**40,8**	**62,97**	**644,7**	**64,59**	**274,3**	**64,64**	**236,6**	**64,36**	**510,9**	**64,51**
Total 2007	337,9	64,73	306,8	64,43	40,8	62,97	644,7	64,59	273,2	64,75	171,5	64,59	444,7	64,69

Khumani resources



Chromite

Locality – Chromite operations at Dwarsrivier Mine form part of the Chrome Division of Assmang Limited. The mine is situated on the farm Dwarsrivier 372KT, approximately 30 kilometres from Steelpoort and 60 kilometres from Lydenburg, in Mpumalanga province in South Africa. Located at longitude 30°05'00"E/latitude 24°59'00"S, Assmang purchased the farm from Gold Fields Limited, together with all surface and mineral rights in October 1998.

History – Neighbouring properties to the north and south of Dwarsrivier had existing chrome mining operations at the time of purchase. The feasibility study of the plant, tailings dam and designs for the open-cast and underground mines then commenced. After the completion of the consolidated assessment, approval to proceed with the final design and construction work was given in July 1999.

Chromite was obtained from the open-cast mining areas at a rate of approximately 0,9 million tonnes a year and these areas were mined out within five years. Underground mining commenced in 2005 at a rate of 1,2 million tonnes a year. Dwarsrivier Mine is specifically geared to deliver high quality metallurgical grade chromite to the Machadodorp smelter. In addition, the plant has been designed to produce chemical and foundry grade products.

Mining authorisation – An old order Mining Licence 21/99 was granted in October 1999. It was granted for the mining of chrome and platinum group metals. An application for the conversion to a new order mining right was submitted during October 2007.

Geology – Dwarsrivier Mine is situated in the eastern limb of the Bushveld Complex, which comprises persistent layers of mafic and ultramafic rocks, containing the world's largest known resources of platinum group metals, chromium and vanadium. The mafic rocks termed the Rustenburg Layered Suite, are approximately 8 kilometres thick in the eastern lobe, and are divided formally into five zones.

The rocks of the marginal zone at the base of the succession consist mainly of pyroxenites with some dunites and harzburgites. Above the marginal zone, the lower zone comprises mainly pyroxenites, harzburgites and dunite, and is present only in the northern part of the eastern lobe, and only as far south as Steelpoort. The appearance of chromitite layers marks the start of the critical zone, economically the most important zone. The layers are grouped into three sets termed the lower, middle and upper groups. The sixth chromitite seam in the Lower Group (LG6), is an important source of chromite ore and is the ore body being mined at Dwarsrivier Mine. In the eastern lobe, in the vicinity of Dwarsrivier, the strike is nearly north-south, with a dip of approximately 10 degrees towards the west. Average thickness of the LG6 seam is about 1,86 metres in the Dwarsrivier area. Pipelike dunite intrusions are evident in the area, as well as dolerite dykes that on average strike north-east-south-west. No significant grade variation is evident, especially not vertically in the ore seam. Small, insignificant regional variations do, however, exist.

Mineral resources and ore reserves – Information was obtained from boreholes with a 300- to 150-metre grid spacing. Resources were determined with a decreasing level of confidence:

- Measured resource (150 metres drill grid spacing)
- Indicated resource (300 metres drill grid spacing)
- Inferred resource (drill grid spacing greater than 300 metres)

All possible resources down to a mineable depth of 350 metres below ground level have been considered.

A strategy to ensure the availability of adequate information ahead of mining activities is in place. The strategy is to ensure all mining areas falling within the first five years of the life of mine plan contain proved reserves. Vertical diamond drilling holes are used, except where information is needed to clarify large-scale fault planes. The mineral resource at Dwarsrivier Mine is based on a total of 230 diamond drill holes that have been used for grade estimation and ore body modelling purposes. The drill core is NQ size and is geologically and geotechnically logged. The collar position of the drill holes is surveyed, but no down-hole surveys are done, and the holes are assumed to have minimal deflection.

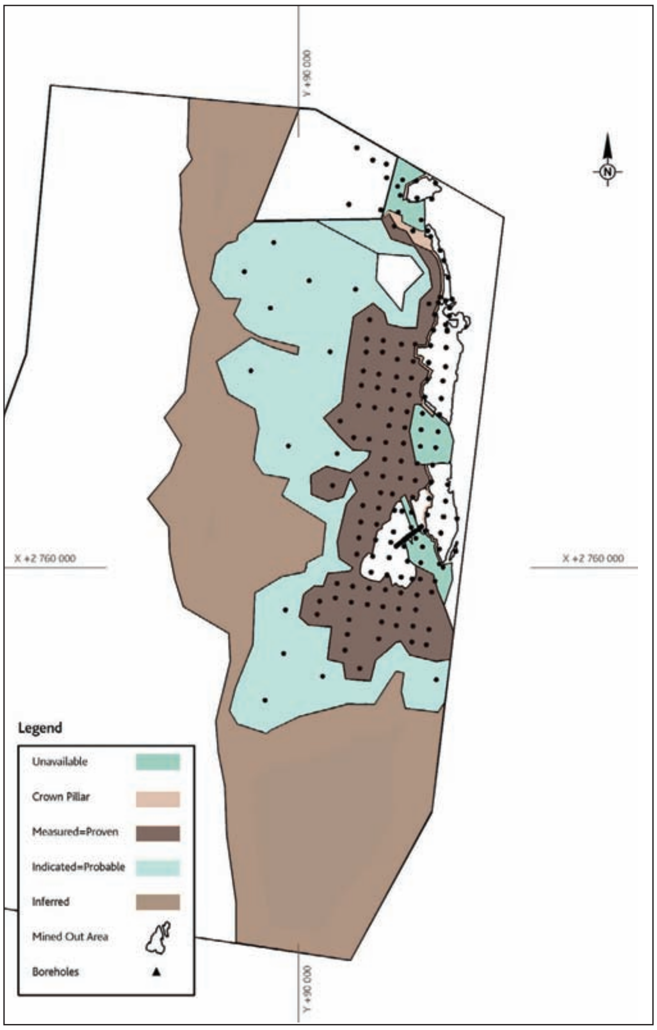
The chromitite seam is bounded above and below by pyroxenites. As such, the ore horizon is clearly defined. The core is sampled from the top contact downwards at 0,5-metre intervals. The core is split and half is retained as reference material in the core sheds. The other half is crushed and split into representative samples, which are crushed and pulverised for chemical analysis. The samples are analysed fusion/ICP-OES for chrome oxide (Cr_2O_3), SiO_2, FeO, Al_2O_3, MgO and CaO. Three laboratories, all ISO 17025 accredited for this method, are used. Every tenth sample is analysed in duplicate. SARM 8 and SARM 9 standards, as well as in-house reference material (CRI), are included every 20 to 30 samples in each batch. The density for each sample is measured using a gas pycnometer.

Datamine software is used to construct a 3-D geological model (wireframe) of the LG6 chromite seam, based on borehole and other geological data. A cut-off value of 35% Cr_2O_3 was used to distinguish between ore and waste. Mineral resources have been calculated using ordinary kriging, where Cr_2O_3-, FeO-, Al_2O_3-, MnO and MgO-contents of the LG6 seam and densities were determined, using block sizes of 50 x 50 x 4 metres.

During mining, a slightly diluted run of mine ore is fed to the beneficiation plant. This decreases the average grade from approximately 40% Cr_2O_3 to 37% Cr_2O_3. An addition of approximately 9% of waste material results in this 3% Cr_2O_3 grade decrease. In the dense media separation part of the plant, the coarse fraction is upgraded to 40% Cr_2O_3, with a yield of 80%. In the spiral section of the plant the finer fraction is upgraded to 44% Cr_2O_3, and 46% Cr_2O_3 respectively, for metallurgical grade fines and chemical grade fines. Foundry sand is also produced with a similar grade to that of the chemical grade fines. A 67% yield is achieved in the spiral circuit.

Year-on-year change – When compared to 2007, the 2008 mineral reserves decreased by 1,3 million tonnes to 35,1 million tonnes (36,4 million tonnes) and the mineral resources show a decrease of 1,6 million tonnes to 44,02 million tonnes (45,64 million tonnes). The reason for the change is the draw-down by the annual production. The current life of mine of the Dwarsrivier Chrome Mine is more than 30 years. Excluded from this plan are the inferred mineral resources and material situated deeper than 350 metres below ground level.

Dwarsrivier Mine

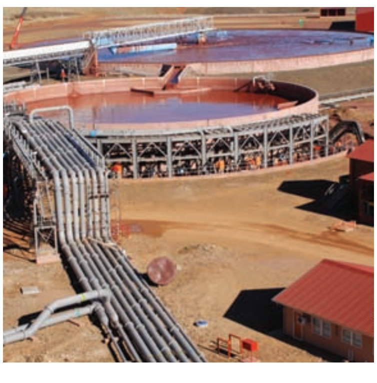


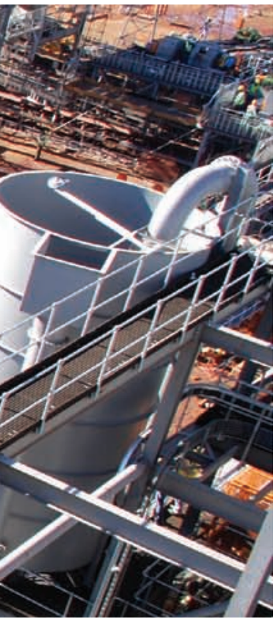
DWARSRIVIER MINE: CHROME RESOURCES/RESERVES PLAN

Resources	Tonnes Mt	Cr_2O_3 %	FeO %	Reserves	Tonnes Mt	Cr_2O_3 %	FeO %
Measured	15,30	39,32	23,21	Proved	12,2	39,32	23,21
Indicated	28,72	39,06	22,55	Probable	22,9	39,06	22,55
Total measured and indicated 2008	**44,02**	**39,16**	**22,79**	**Total reserves**	**35,1**	**39,16**	**22,79**
Total measured and indicated 2007	45,64	39,16	22,79	Total reserves	36,4	39,16	22,79
Inferred	53,11	39,00	22,71				

HISTORICAL PRODUCTION AT DWARSRIVIER CHROME MINE

Year	Mt
2003/2004	0,96
2004/2005	0,92
2005/2006	0,82
2006/2007	1,01
2007/2008	**1,24**





Of the R2,23 billion spent in the Iron Ore Division, R2,1 billion related to the construction of the Khumani Iron Ore Mine where production has already commenced.

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 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, ie 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 technical assurance specialists used on a consultancy basis.

The company's shares are listed on the JSE Limited 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 compliant with all the material 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 Assore board has a unitary structure comprising eight directors, four of which are executive and four non-executive.

Of the four non-executive directors, Mr P N Boynton represents the Old Mutual Life Assurance Company (South Africa) Limited (Old Mutual), which has an interest in the group, and Mr Cyril Ramaphosa represents the Shanduka Group which is one of Assore's black economic empowerment partners. The other two non-executive directors are regarded as independent and hold directorships in other listed and unlisted companies registered 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 directors representing Shanduka and Old Mutual, are paid over to their respective employers.

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 joint-venture company, Assmang.

Remuneration

Details of emoluments paid to directors and directors' interests in shares of the company are disclosed in the directors' report on pages 53 and 54 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 page 8 and 9 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
M C Ramaphosa	4	1
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 subcommittee of the board and the Chairman of the Audit Committee reports on activities of the committee at each board meeting.

In line with the recent amendments to the Companies Act, Messrs Boynton and Cory have resigned from the Audit Committee but continue to attend meetings by invitation.

Representatives of the internal and external auditors are also invited to attend the regular meetings of the committee and, if necessary, have direct access to the Chairman of the committee throughout the year.

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 Annual General Meeting), 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; and
- 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 the focus of the audit effort is optimised (refer to Risk Management and Internal Audit and Internal Control below).

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

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; and
- where necessary, criteria to assess the required performance of executive directors.

The remuneration of non-executive directors is determined by the Assore executive and, in terms of the Articles of Association, 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 first day of the month following the end of a financial reporting period and expires on the day on which the interim or final 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 ever-present 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 these industries have 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 direct 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 are integrated into the risk plan and the group is protected against catastrophic risk including failure of IT systems. In addition, the group risk management process includes ongoing review of compliance with legislation in the areas of:

- environmental rehabilitation management;
- health and safety management; 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 for resolution.

HEALTH, SAFETY AND ENVIRONMENT

Health

The HIV/AIDS pandemic is without doubt the most important health concern for all businesses in South Africa. It does not only affect 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 HIV/AIDS, on its operations and on its global competitiveness, and to provide humanitarian support to affected employees and their families. Current policies focus on the education of the workforce 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, which requires the board of directors to:

- ensure they understand the social and economic impact that HIV/AIDS will have on the group'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 achieve the goals set in the King II Report, 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 plant and machinery. 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 complete restoration work with regard to areas that have been disturbed by mining and prospecting activities in accordance with these assessments. 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 Trusts 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 Trusts, the full liability for rehabilitation is raised as a long-term provision and the investments of the Trusts 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, eg initiation of capital projects or new systems of internal control, 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 self-help 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 the various employee groupings 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 sought by the group in the workplace.

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 intergovernmental organisations.

Non-governmental organisations

Maintenance of constructive relations with relevant non-governmental organisations.

BLACK ECONOMIC EMPOWERMENT

Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the MRPD Act) and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below.

The MRPD Act has changed the previous common law and statutory position in South Africa in terms of which mineral rights could be held privately. Instead, pursuant to the MPRD Act and 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 (which are designated as 'new order rights'). A transitional period is provided during which holders of existing mineral and exploration rights (designated as 'old order rights'), upon meeting certain requirements, may convert such existing in-use old order rights into new order rights, or in the case of unused rights, may apply for new order rights.

The Mining Charter 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 Mining Charter requires, *inter alia*, that mining companies achieve 15% HDSA ownership of mining assets within five years (ie 1 May 2009) and 26% within 10 years (ie 1 May 2014). The Mining Charter also requires, *inter alia*, that mining companies provide plans and achieve employment equity at management level and procure goods and services from black empowered organisations on a preferential basis in accordance with the predetermined criteria set out in such plans.

In view of meeting the Charter's requirements, Assore, through the appropriate group companies, has:

- completed an audit of current compliance with the requirements of the Charter;
- commenced with the introduction of a preferential procurement policy at all its operations;
- concluded empowerment transactions with Mampa Investment Holdings (being the commercial arm of The Mankwe Development Foundation) (Mampa) in April 2004 and Shanduka Resources (Proprietary) Limited (Shanduka Resources) and the Bokamoso Trust (the Community Trust) in February 2006 (refer below);
- developed social and labour plans for each of its operations, as well as local economic development (LED) projects which support the integrated development plan of the relevant local authority. The plan, which has received the approval of the relevant departments includes the construction of educational facilities, maintenance and upgrading of roads and presentation of programmes on adult education, health and safety and environmental awareness;
- succeeded in obtaining new order mining rights for the RMDC chrome operations on the farms Zandspruit and Groenfontein;
- applied for and obtained new order mining rights on the iron ore deposits mined at Khumani; and
- submitted applications for the conversion of all remaining old order rights to new order rights in particular manganese ore (Nchwaning and Gloria mines), chrome ore (Dwarsrivier) and Wonderstone.

Following the introduction of the MRPD Act, Assore has entered into the following empowerment related transactions:

1 In April 2004, an empowerment transaction was finalised with Mampa in terms of which Mampa acquired a 44% interest in Rustenburg Minerals Development Company (Proprietary) Limited (RMDC). RMDC mines chromite in the Rustenburg area and was previously a wholly owned subsidiary of the Assore group. Mampa is represented on both the management committee and the board of RMDC and in October 2005, RMDC was successful in its application to convert all of its mining rights to new order rights.

2 In February 2006, the Assore group entered into empowerment transactions effecting the acquisition of 15,02% of the issued ordinary share capital of Assore by two black economic empowerment (BEE) entities, namely:
   - Shanduka Resources, a subsidiary of Shanduka Group (Proprietary) Limited (Shanduka), which purchased an 11,76% equity interest in Assore; and
   - the Community Trust, which has been formed to benefit HDSAs and HDSA community groupings, which purchased a 3,26% equity interest in Assore.

3 On 15 September 2008, the company acquired 2 931 653 Assore shares (being 10,47% of issued share capital) with the intention of negotiating a second empowerment transaction, which, once implemented, will result in 26% of the Assore share capital being owned by HDSAs being the required percentage by the year 2014 in terms of the Socio-economic Empowerment Charter for the South African mining industry.

SHANDUKA RESOURCES

Shanduka Resources is a subsidiary of Shanduka, a black-owned and managed investment holding company founded by Cyril Ramaphosa, James Motlatsi and several other black professionals. Shanduka realises its own contribution to broad-based BEE ownership through community development trusts holding equity interests in Shanduka. These trusts are part of the Shanduka Foundation which was launched in 2004 as the vehicle through which Shanduka channels its social and community investment initiatives. Shanduka has committed to spend in excess of R100 million in upliftment programmes over the next 10 years.

The Shanduka Foundation is committed to support initiatives aimed at:
- developing women-led small businesses and new entrepreneurs;
- providing scholarships for deserving, previously disadvantaged students at accredited tertiary institutions enabling them to continue their studies in business-related courses; and
- assisting underprivileged schools to acquire basic facilities through the Adopt-a-School programme.

Shanduka Resources has a long-term strategy to develop a diversified resources house with operational capabilities and has investments in the coal, diamond, paper and gold industries. Shanduka Resources will provide leadership for Assore's BEE partners and strategic support to Assore in achieving its BEE objectives.

THE COMMUNITY TRUST

The Community Trust was established for the benefit of HDSAs and broad-based HDSA community groupings in the areas in which the Assore group's mines and beneficiation plants are located. Assore has initiated a process through which it will identify and negotiate with certain community groupings for their participation as trustees and beneficiaries in the Community Trust in accordance with the Community Trust's trust deed.

Assore concluded relationship agreements with each of Shanduka Resources and the Community Trust in order to regulate the respective relationships between the parties to ensure, insofar as is possible, the continued compliance by each of Shanduka Resources and the Community Trust (as the Assore group's BEE partners) with the direct ownership requirements of the Mining Charter.

SUMMARY OF PREFERENTIAL PROCUREMENT

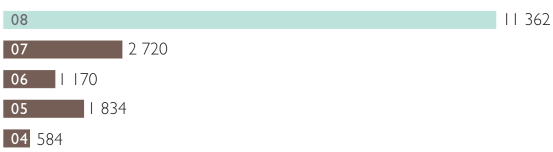
The group is committed to bringing previously disadvantaged South Africans into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to BBBEE suppliers at all its operations. Set out below is a summary of the percentage BBBEE procurement measured against total discretionary procurement which is as yet unaudited. Total discretionary procurement is defined as total procurement less procurement through public sector vendors eg rates and taxes utility service providers, etc.

	Total discretionary procurement for the year ended June 2008 R million	Aggregate % BBBEE
Assmang	5 134,1	22,0
African Mining and Trust	22,2	20,3
Rustenburg Minerals	137,3	47,7
Wonderstone	24,3	17,7
Xertech	26,8	35,8

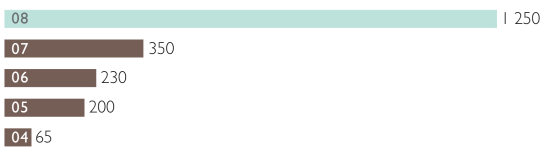
FIVE-YEAR SUMMARY of the consolidated financial statements

Income statements	2004^ R'000	2005* R'000	2006 R'000	2007 R'000	**2008 R'000**
Turnover	2 228 091	3 093 944	3 382 587	4 293 036	**9 158 937**
Profit before profit on disposal of available-for-sale investments	309 029	793 607	561 614	1 129 414	**4 665 106**
Profit on disposal of available-for-sale investments	–	–	145 777	43 025	**22 350**
Taxation and State's share of profits	(99 583)	(252 545)	(227 569)	(369 084)	**(1 509 091)**
Profit for the year	209 446	541 062	479 822	803 355	**3 178 365**
Attributable to:					
– Shareholders of the holding company	169 843	509 445	457 384	774 704	**3 069 522**
– Minority shareholders	39 603	31 617	22 438	28 651	**108 843**
As above	209 446	541 062	479 822	803 355	**3 178 365**
Other information					
Attributable earnings as above (R'000)	169 843	509 445	457 384	774 704	**3 069 522**
Headline earnings (R'000)	163 444	513 445	323 933	736 021	**3 057 708**
Earnings per share (cents)	607	1 819	1 652	2 863	**11 406**
Headline earnings per share (cents)	584	1 834	1 170	2 720	**11 362**
Dividends declared during the year	12 600	26 600	64 400	84 000	**126 000**
Less: Dividends attributable to treasury shares	–	–	–	(2 928)	**(4 392)**
	12 600	26 600	64 400	81 072	**121 608**
Dividends per share relating to the activities of the group for the year under review (cents)					
– Interim (declared and paid)	20	50	80	150	**250**
– Final (declared subsequent to year-end)	45	150	150	200	**1 000**
	65	200	230	350	**1 250**
Weighted average number of shares for purposes of calculating earnings per share					
Ordinary shares in issue	28 000	28 000	28 000	28 000	**28 000**
Treasury shares	–	–	(305)	(942)	**(1 088)**
Weighted average	28 000	28 000	27 695	27 058	**26 912**
Average exchange rates for the year:					
SA rand to US dollar	6,84	6,18	6,41	7,20	**7,27**
SA rand to euro	8,16	7,84	7,80	9,67	**10,72**

^ Year 2004 is prepared in accordance with South African GAAP, and the years thereafter in terms of IFRS
** Restated due to the adoption of IFRS*



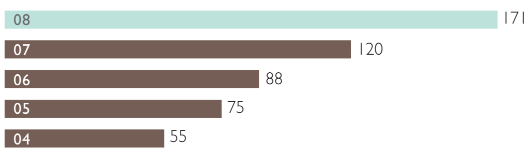
Headline earnings per share (cents)



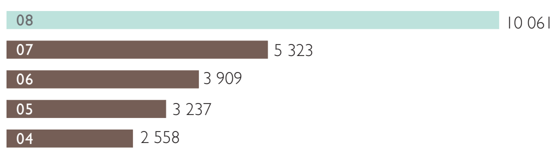
Total dividends relating to the activities of the group for the year under review (cents)

Balance sheets	2004^ R'000	2005* R'000	2006 R'000	2007 R'000	**2008 R'000**
ASSETS					
Non-current assets					
Property, plant and equipment, investment properties and intangibles	1 206 428	1 391 931	2 023 210	3 003 319	**4 196 018**
Available-for-sale investments	165 715	232 093	169 750	236 119	**590 191**
	1 372 143	1 624 024	2 192 960	3 239 438	**4 786 209**
Current assets					
Other current assets	1 006 005	1 319 769	1 544 173	1 774 566	**3 286 272**
Cash resources	179 766	293 059	171 835	309 457	**1 988 957**
Total assets	2 557 914	3 236 852	3 908 968	5 323 461	**10 061 438**
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	1 549 309	2 092 721	2 475 316	3 230 707	**4 110 872**
Minority shareholders' interest	42 560	39 363	51 114	48 673	**111 528**
Total equity	1 591 869	2 132 084	2 526 430	3 279 380	**4 222 400**
Non-current liabilities					
Deferred taxation	240 576	345 181	544 844	620 597	**899 701**
Long-term liabilities	55 425	65 333	122 312	156 955	**223 320**
	1 887 870	2 542 598	3 193 586	4 056 932	**5 345 421**
Current liabilities					
Non-interest-bearing	290 878	467 514	461 928	721 759	**2 094 528**
Interest-bearing	379 166	226 740	253 454	544 770	**2 621 489**
Total equity and liabilities	2 557 914	3 236 852	3 908 968	5 323 461	**10 061 438**
Net asset value per share (rand)	55	75	88	120	**171**
Exchange rates at year-end					
SA rand to US dollar	6,17	6,65	7,11	7,02	**7,84**
SA rand to euro	7,53	8,06	9,10	9,50	**12,37**

^ Year 2004 is prepared in accordance with South African GAAP, and the years thereafter in terms of IFRS
** Restated due to the adoption of IFRS*



Net asset value per share (cents)



Total assets (Rm)

CONSOLIDATED FINANCIAL STATEMENTS CONTENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2008 as set out on pages 48 to 107 were approved by the board of directors on 29 October 2008 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

29 October 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSORE LIMITED

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the annual financial statements of Assore Limited and group annual financial statements, which comprise the directors' report, the balance sheets as at 30 June 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 107.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as at 30 June 2008, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We were informed by management that they had declared certain trades by the company in Assore Limited shares which were in contravention of the Security Services Act, Act 36 of 2004, to the Directorate of Market Abuse of the Financial Services Board as more fully described on page 51 of the directors' report.

In accordance with our responsibilities in terms of section 44(2) and 44(3) of the Auditing Profession Act we were obliged to report the matter as a reportable irregularity to the Independent Regulatory Board for Auditors (IRBA). We have subsequently issued a further report to IRBA that in our opinion the reportable irregularity is no longer taking place.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Johannesburg
29 October 2008

NATURE OF BUSINESS

Assore Limited, which was incorporated in 1950, is a mining holding company principally engaged in ventures involving base minerals and metals. The company's shares are listed on the JSE Limited (the JSE) under "Assore" in the general mining sector and its ultimate holding company is Oresteel Investments (Proprietary) Limited.

The group's principal investment is a 50% (2007: 50%) interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). 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, abrasive and wear resistant products for use in specialised industrial applications.

The group, through its wholly owned subsidiary, Ore and Metal Company Limited, is responsible for marketing all products produced by its joint-venture entities and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the "Review of operations" (refer to pages 14 to 19).

FINANCIAL RESULTS

The financial position of the group and company and their results for the year ended 30 June 2008 are set out in the annual financial statements of the group (refer to page 48) and company (refer to page 96) included in this report (the financial statements). The results of the group for the year are summarised below:

	Year ended 30 June	
	2008 R'000	2007 R'000
Turnover	**9 158 937**	4 293 036
Profit for the year	**3 178 365**	803 355
Attributable to:		
Shareholders of the holding company	**3 069 522**	774 704
Minority shareholders	**108 843**	28 651
As above	**3 178 365**	803 355
Profit attributable to the shareholders of the holding company as above	**3 069 522**	774 704
Dividends relating to the group's activities for the year under review (refer note 24)	**307 408**	94 584
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents (2007: 200 cents) per share – declared on 27 August 2008	**280 000**	56 000
Less: Dividends attributable to treasury shares	**(42 592)**	(3 416)
Profit for the year after dividends	**2 762 114**	680 120
The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:		
Jointly controlled entity – 50% share (2007: 50%)		
– Profit	**2 515 968**	534 748
Subsidiary companies		
– Profit	**347 918**	98 549
– Losses	**28 190**	15 862

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the financial statements and related financial information included in this report. The external auditors, Ernst & Young Inc. whose report appears on page 47, are responsible for expressing an opinion on the financial statements based on their audit.

The financial statements included in this report are based on judgements and estimates which are intended to be both reasonable and prudent and have been prepared by management in accordance with International Financial Reporting Standards (IFRS) based on appropriate accounting policies which, unless otherwise indicated, have been applied consistently with the previous year.

The financial statements have been prepared on a going-concern basis and the directors have no reason to believe that any of the businesses in the group 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 amount of all assets included on the balance sheet is reasonably stated.

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 in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of financial information.

JOINTLY CONTROLLED ENTITY

The group owns 50% (2007: 50%) of the ordinary share capital of Assmang. 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 2008.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2008 and dividends declared during that period.

Abridged consolidated income statement of Assmang

	Year ended 30 June	
	2008 R'000	2007 R'000
Turnover	**14 835 456**	6 127 430
Profit before taxation and State's share of profit	**8 227 883**	1 971 824
Taxation and State's share of profit	**2 691 992**	639 660
Profit for the year	**5 535 891**	1 332 164
Dividends declared during the year	**479 008**	230 634
Profit for the year after dividends paid	**5 056 883**	1 101 530
Earnings per share (rands)		
– attributable	**1 560,19**	375,45
– headline	**1 564,13**	375,10
Dividends paid per share (rands)		
– final	**35,00**	30,00
– interim	**100,00**	35,00
	135,00	65,00

Abridged consolidated balance sheet of Assmang

	At 30 June 2008 R'000	2007 R'000
Assets		
Non-current assets	**7 196 333**	4 905 627
Current assets	**8 561 439**	2 891 045
Total assets	**15 757 772**	7 796 672
Equity and liabilities		
Total equity	**9 972 168**	4 915 285
Non-current liabilities	**1 782 717**	1 144 982
Current liabilities		
– interest-bearing	**511 829**	605 695
– non-interest-bearing	**3 491 058**	1 130 710
Total equity and liabilities	**15 757 772**	7 796 672
Number of ordinary shares in issue (thousands)	**3 548**	3 548
Capital expenditure (Rm)	**2 900**	2 231
Capital commitments (Rm)	**1 473**	5 177

SHARE PURCHASES AND WAREHOUSING AGREEMENT

Shareholders were advised by a circular dated 12 August 2008 that on 27 June 2008, The Standard Bank of South Africa Limited (Standard Bank) had acquired 2 931 653 Assore shares (amounting to 10,47% of shares in issue) on behalf of Assore from Old Mutual Life Assurance Company (South Africa) Limited (Old Mutual) at R760 per share for a total consideration of R2 228 056 280 (the warehoused shares). In contemplation of the purchase by Standard Bank of the warehoused shares from Old Mutual, Assore entered into a warehousing arrangement with Standard Bank, in terms of which Standard Bank agreed to warehouse the warehoused shares and subsequently sell such shares to Assore and Main Street 460 (Proprietary) Limited (a wholly owned subsidiary of Assore) (Assore SubCo) in certain proportions for the same aggregate price at which they had been acquired by Standard Bank from Old Mutual (the warehousing arrangement). Assore's rationale for entering into the warehousing arrangement emanated from the fact that the warehoused shares had become available for purchase, but as Assore was about to enter a closed period (as defined in terms of the Listings Requirements of the JSE Limited (the Listings Requirements) on 1 July 2008, Assore was not permitted to undertake a specific share repurchase until it had released its results for the year ended 30 June 2008, and as such the closed period had expired. The warehousing arrangement accordingly afforded Assore sufficient opportunity to obtain the requisite approval of shareholders in terms of the Companies Act, 1973 (the Companies Act), and the Listings Requirements in order to purchase the warehoused shares from Standard Bank.

In order to provide security to Standard Bank for the warehousing arrangement, Assore ceded all rights, title and interests in and to a portfolio of cash on deposit and available-for-sale investments held by Assore to Standard Bank for the period of the warehousing arrangement. Shareholders are referred to the abovementioned circular for further details of the mechanics of the transaction and certain other related matters.

These, and various related transactions, as detailed in the circular, have been concluded in order to accumulate a parcel of Assore shares amounting to 10,98% (refer to Black Economic Empowerment) of the total ordinary issued share capital for the purposes of finalising, in due course, a second black economic empowerment share transaction. Once finalised, this transaction will increase the current 15,02% equity ownership empowerment of Assore, resulting from the first empowerment transaction with Shanduka and the Bokamoso Trust in February 2006, to the 26% required to be achieved by 2014 in terms of the Socio-economic Empowerment Charter for the South African Mining Industry.

The necessary shareholder approvals enabling Assore and Assore SubCo to purchase the warehoused shares from Standard Bank were obtained at the general meeting of Assore shareholders held on Thursday, 4 September 2008 at Johannesburg, and the warehoused shares have accordingly been purchased from Standard Bank, on 15 September 2008, such that Assore acquired 280 000 Assore shares in terms of section 85 of the Companies Act (which shares were cancelled and restored to the status of authorised but unissued shares) and Assore SubCo acquired 2 651 653 Assore shares in terms of section 89 of the Companies Act (which shares are held as treasury shares).

The aggregate consideration of R2 228 056 280 payable to Standard Bank on the purchase of the warehoused shares was partially funded by the allotment and issue to Standard Bank of 220 variable rate cumulative redeemable preference shares with an aggregate subscription price of R2,2 billion (including share premium) (refer to POST-BALANCE SHEET EVENTS below), with the balance being funded from Assore's existing cash resources.

Shareholders are referred to the abovementioned circular for further details of the mechanics of the transaction, in particular the preference shares issued, and the security arrangements entered into in respect thereof. For accounting purposes the warehoused shares have been treated as treasury shares in accordance with the requirements of IAS 32 and 39.

POST-BALANCE SHEET EVENTS

The following significant corporate events occurred subsequent to the year-end which, in the opinion of the board of directors, do not require any adjustments to the financial statements at 30 June 2008:

1 At the general meeting held on Thursday, 4 September 2008, all the resolutions, both special and ordinary, required to approve the warehousing arrangement, the share repurchase and purchase by Assore and Assore SubCo respectively, and various ancillary matters (refer to SHARE REPURCHASES AND WAREHOUSING AGREEMENT above) were passed by the requisite majority, and the relevant special resolutions have been registered by the Registrar of Companies in accordance with the Companies Act.

2 In accordance with the authority given to directors in terms of the aforementioned resolutions, Assore repurchased 148 347 Assore shares from Assore SubCo in terms of section 85 of the Companies Act, which Assore shares were held by Assore SubCo as treasury shares, at a price of R236,90 per Assore share (being the average price at which Assore SubCo acquired such Assore shares through open market transactions). The Assore shares so repurchased were cancelled and restored to the status of authorised but unissued shares.

3 In accordance with the authority given to directors in terms of the aforementioned resolutions, the warehoused shares were acquired from Standard Bank on 15 September 2008 at a price of R760 per share for an aggregate consideration of R2 228 056 280. The consideration was settled and financed by the issue to Standard Bank of 220 cumulative redeemable variable rate preference shares of R0,01 each at a premium of R9 999 999,99 per share and the balance from existing cash resources.

4 On 27 August 2008, the board declared a final dividend of 1 000 cents per share, which was paid to shareholders on 22 September 2008.

5 Available-for-sale of investments are fair valued at 30 June based on quoted market prices. Subsequent to the year-end there has been significant volatility in markets worldwide and these market prices have decreased substantially.

PURCHASE OF ASSORE SHARES DURING A CLOSED PERIOD

During the month of August 2007 (ie subsequent to the previous financial year-end) the company acquired 86 056 Assore shares in the market at a cost of some R27,4 million, being an average price of R318,48 per share. The shares were acquired as part of an initiative to accumulate Assore shares for the purposes of a future black economic empowerment transaction, and were acquired from willing sellers who had placed parcels of shares for sale in the market at their stipulated price. At no time had the company placed an order 'to buy' Assore shares in the market, and the shares concerned were acquired in terms of a general share repurchase scheme proposed and approved in terms of section 89 of the Companies Act at the annual general meeting held in the previous year on 24 November 2006. In error, and without any intent other than the above strategic objective as regards a second empowerment transaction, the Assore shares concerned were acquired during a closed period as defined in the Listings Requirements (ie between the financial year-end and the publication of annual financial results in the press). As soon as the board of directors became aware of the matter, it was reported, on an urgent basis, to the JSE through the company's sponsors on 30 August 2007. The JSE informed the company that in the circumstances they would not pursue the matter any further, but were obliged to report the matter to the Directorate of Market Abuse of the Financial Services Board (FSB).

Following a period of investigation, the FSB informed the company on 2 September 2008 that it was of the opinion that the share purchases concerned were a contravention of section 73 of the Securities Services Act and it would be proceeding with an enforcement action which could result in a penalty on the company in excess of R5,9 million. In order to bring the matter to a close, the board of directors has offered to settle the matter on payment of an administrative penalty of R2,5 million, which the FSB has in turn accepted, taking into consideration the special circumstances of the case and the good faith of the board of directors in handling the matter.

DIVIDENDS

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

	2008 R'000	2007 R'000
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007	**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Less: Dividends attributable to treasury shares	**(4 392)**	(2 928)
	121 608	81 072

Subsequent to year-end, an increased final dividend of 1 000 cents per share was declared payable to shareholders on 22 September 2008. The dividends which relate to the group's activities for the year under review can therefore be summarised as follows:

	2008 R'000	2007 R'000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents – declared on 27 August 2008	**280 000**	56 000
Less: Dividends attributable to treasury shares	**(42 592)**	(3 416)
	307 408	94 584

HOLDING COMPANY

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

DIRECTORATE AND SECRETARY

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

On 1 February 2008, Mr N G Sacco was appointed as alternate director to Mr C J Cory. 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. All of the abovementioned directors, being eligible, offer themselves for re-election.

DIRECTORS' EMOLUMENTS

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

	Directors' fees (refer note 1) R'000	Salary R'000	Bonuses (refer note 2) R'000	Contri-butions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
2008						
Executive						
Desmond Sacco (Executive Chairman)	**110**	**3 398**	**283**	**–**	**419**	**4 210**
R J Carpenter (Deputy Chairman)	**96**	**3 232**	**11 843**	**734**	**243**	**16 148**
C J Cory (Chief Executive Officer)	**96**	**2 950**	**11 682**	**671**	**249**	**15 648**
P C Crous (Technical and Operations)	**96**	**2 592**	**11 478**	**600**	**211**	**14 977**
Non-executive						
P N Boynton*	**120**					**120**
B M Hawksworth	**150**					**150**
M C Ramaphosa*	**120**					**120**
J C van der Horst	**120**					**120**
Alternate						
J W Lewis	**–**	**1 180**	**5 673**	**272**	**218**	**7 343**
N G Sacco (Appointed 1 February 2008)	**–**	**439**	**28**	**24**	**13**	**504**
P E Sacco (Appointed 1 July 2007)	**15**	**360**	**114**	**72**	**127**	**688**
R Smith	**–**	**–**	**–**	**–**	**–**	**–**
	923	**14 151**	**41 101**	**2 373**	**1 480**	**60 028**
2007						
Executive						
Desmond Sacco (Executive Chairman)	110	3 035	1 853	–	390	5 388
R J Carpenter (Deputy Chairman)	96	2 885	5 769	655	219	9 624
C J Cory (Chief Executive Officer)	96	2 634	5 702	600	228	9 260
P C Crous (Technical and Operations)	96	2 254	5 601	525	204	8 680
Non-executive						
P N Boynton*	60					60
B M Hawksworth	120					120
M C Ramaphosa*	100					100
J C van der Horst	100					100
Alternate						
J W Lewis	–	1 054	1 572	244	254	3 124
R Smith	–	–	–	–	–	–
	778	11 862	20 497	2 024	1 295	36 456

* *Fees paid to employer*

Notes:

1 Directors' fees paid to executive directors include directors' fees paid by jointly controlled entity Assmang.

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 and progress in the achievement of long- and medium-term strategic objectives.

3 Other fringe benefits comprise medical aid contributions, car scheme allowance, life insurance contributions, leave paid out and study loan benefits.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

None of the directors or their immediate 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 30 June 2008 were as follows, and other than mentioned below, the company is unaware of any material change in these interests between year-end and the date of this report:

	Direct beneficial Number of shares		Indirect beneficial Number of shares		Non-beneficial Number of shares	
	2008	2007	**2008**	2007	**2008**	2007
Executive directors						
Desmond Sacco	**65 000**	65 000	**6 486 098**	6 486 098	**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**	3 000	**–**	–	**8 000**	8 000
Non-executive directors						
P N Boynton	**–**	–	**–**	–	**8 000**	8 000
B M Hawksworth	**–**	–	**–**	–	**–**	–
M C Ramaphosa	**–**	–	**1 106 000**	1 106 000	**–**	–
Dr J C van der Horst	**–**	–	**–**	–	**–**	–
Alternate directors						
J W Lewis	**2 500**	2 500	**–**	–	**–**	–
N G Sacco (appointed 01/02/08)	**34 050**	34 050	**–**	–	**–**	–
P E Sacco (appointed 01/07/07)	**35 050**	35 050	**–**	–	**–**	–
R Smith	**–**	–	**–**	–	**–**	–
	172 000	172 000	**7 592 098**	7 592 098	**40 000**	40 000

Subsequent to year-end, Mr Desmond Sacco acquired the following additional shares in the company which he holds in his direct beneficial interest:

Date	Number of shares
16 September 2008	50 000
22 September 2008	10 000
10 October 2008	2 500
	62 500

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders has been established in accordance with the JSE Listings Requirements, based on an examination of the company's share register at 30 June 2008. Other than mentioned below, the directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2008 %	2007 %
Shareholder spread		
Shares held by the public/non-public		
Non-public*		
– Holders in excess of 10% of the share capital	**74,51**	80,64
– Directors of the company	**0,61**	0,37
	75,12	81,01
Public (637 shareholders (2007: 374))	**24,88**	18,99
	100,00	100,00

** As defined by Rule 4,25 of the JSE Listings Requirements*

Major shareholders		
Oresteel Investments (Proprietary) Limited	**52,28**	52,28
Main Street 343 (Proprietary) Limited (a wholly owned subsidiary of Shanduka Resources (Proprietary) Limited)	**11,76**	11,76
The Standard Bank of South Africa Limited	**10,47**	–
Old Mutual Life Assurance Company (South Africa) Limited	**4,57***	16,60
	79,08	80,64
Others – less than 5%	**20,92**	19,36
	100,00	100,00

* Between the year-end and the date of this report the holding of Old Mutual Life Assurance Company (South Africa) Limited reduced from 4,57% to 4,00%.

Johannesburg
29 October 2008

CONSOLIDATED BALANCE SHEET as at 30 June 2008

	Note	2008 R'000	2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	**4 131 072**	2 938 606
Investment properties	3	**61 838**	61 425
Intangible assets	4	**3 108**	3 288
Available-for-sale investments	5	**590 191**	236 119
		4 786 209	3 239 438
Current assets			
Inventories	6	**1 287 730**	976 047
Trade and other receivables	7	**1 998 542**	798 519
Cash deposits held by environmental trusts		**36 942**	29 097
Cash resources	25.6	**1 952 015**	280 360
		5 275 229	2 084 023
Total assets		**10 061 438**	5 323 461
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8	**700**	700
Share premium	9	**30 358**	30 358
Treasury shares	10	**(2 341 725)**	(86 262)
Retained earnings		**6 063 424**	3 115 510
Other reserves	11	**358 115**	170 401
		4 110 872	3 230 707
Minority shareholders' interest		**111 528**	48 673
Total equity		**4 222 400**	3 279 380
Non-current liabilities			
Long-term borrowings	12	**72 792**	75 212
Deferred taxation	13	**899 701**	620 597
Long-term provisions	14	**150 528**	81 743
		1 123 021	777 552
Current liabilities			
Trade and other payables	15	**1 043 517**	608 106
Taxation		**966 127**	89 076
Short-term provisions	16	**84 884**	24 577
Share warehousing facility	17	**2 228 056**	–
Overdrafts and short-term borrowings	18	**393 433**	544 770
		4 716 017	1 266 529
Total equity and liabilities		**10 061 438**	5 323 461

CONSOLIDATED INCOME STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Revenue	19	**9 545 809**	4 442 036
Turnover		**9 158 937**	4 293 036
Cost of sales		**4 668 547**	3 174 247
Gross profit		**4 490 390**	1 118 789
Profit on disposal of available-for-sale investments		**22 350**	43 025
Technical fees and commissions on sales	19	**277 992**	111 399
Other income		**333 745**	121 714
Other expenses		**(399 005)**	(195 017)
Finance costs	20	**(38 016)**	(27 471)
Profit before taxation and State's share of profits	21	**4 687 456**	1 172 439
Taxation and State's share of profits	22	**1 509 091**	369 084
Profit for the year		**3 178 365**	803 355
Attributable to:			
Shareholders of the holding company		**3 069 522**	774 704
Minority shareholders		**108 843**	28 651
As above		**3 178 365**	803 355
Earnings per share (cents)	23	**11 406**	2 863
Headline earnings per share (cents)	23	**11 362**	2 720
Dividends per share declared during the year (cents)	24	**450**	300

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Cash retained from operating activities		**5 691 607**	974 081
Net cash generated by operations		**6 215 471**	1 361 723
Cash generated by operations	25.1	**5 032 284**	1 384 874
Dividend income	25.2	**9 002**	5 034
Movements in working capital	25.3	**1 174 185**	(28 185)
Interest income		**67 745**	20 676
Finance costs	20	**(38 016)**	(27 471)
Taxation paid	25.4	**(380 611)**	(268 431)
Dividends paid to shareholders of the holding company	25.5	**(121 647)**	(81 065)
Dividends paid to minority shareholders		**(51 335)**	(31 351)
Cash utilised in investing activities		**(3 865 170)**	(1 151 110)
Acquisition of shares in the holding company by group companies		**(2 255 463)**	(7 736)
Acquisition of available-for-sale investments		**(149 084)**	–
Additions to property, plant and equipment			
– to maintain operations		**(1 007 840)**	(90 143)
– to expand operations		**(499 976)**	(1 107 566)
Additions to investment properties		**(413)**	(2 375)
Net movement in environmental rehabilitation trust funds		**(7 845)**	(6 156)
Proceeds on disposal of:			
– property, plant and equipment		**28 419**	9 419
– available-for-sale investments		**27 032**	53 447
Cash (utilised)/generated by financing activities		**(154 782)**	308 495
Increase in long-term borrowings		**1 885**	21 682
(Decrease)/increase in overdrafts and short-term borrowings		**(156 667)**	286 813
Cash resources			
– increase for the year		**1 671 655**	131 466
– at beginning of year		**280 360**	148 894
– at end of year	25.6	**1 952 015**	280 360

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Share capital			
Balance at beginning and end of year	8	**700**	700
Share premium			
Balance at beginning and end of year	9	**30 358**	30 358
Treasury shares			
Balance at beginning of year		**(86 262)**	(78 526)
Treasury shares purchased during the year		**(27 407)**	(7 736)
Treasury shares warehoused		**(2 228 056)**	–
Balance at end of year	10	**(2 341 725)**	(86 262)
Retained earnings			
Balance at beginning of year		**3 115 510**	2 421 878
Profit for the year		**3 069 522**	774 704
Ordinary dividends declared during the year		**(121 608)**	(81 072)
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007		**(56 000)**	(42 000)
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008		**(70 000)**	(42 000)
Less: Dividends attributable to treasury shares		**4 392**	2 928
Balance at end of year		**6 063 424**	3 115 510
Other reserves			
Balance at beginning of year		**170 401**	100 906
		187 714	69 495
Net increase in the market value of available-for-sale investments		**209 669**	76 791
Deferred capital gains taxation provided on revaluation of available-for sale investments to market value		**(27 675)**	(7 566)
Foreign currency translation reserve arising on consolidation		**5 720**	270
Balance at end of year	11	**358 115**	170 401
Share capital and reserves at year-end per balance sheet		**4 110 872**	3 230 707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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

1.1.1 Statement of compliance

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

1.1.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the group has adopted the following standards or changes to standards in response to changes in IFRS:

Standard	Effective for financial periods commencing	Description	Impact
IFRS 7	1 January 2007	Financial Instruments – Disclosures	IFRS 7 adds improvements to the disclosure framework for risks arising from financial instruments. In essence, the statement revises and enhances the disclosures previously outlined in IAS 32. This statement requires both quantitative and qualitative disclosures concerning the group's financial instruments.
IAS 1	1 January 2007	IAS 1 (Amendment) Presentation of Financial Statements	This amendment to IAS 1 deals with capital disclosure requirements as to what the entity regards as capital and objectives, policies and processes for managing capital as well as compliance with capital requirements. Adoption of this statement did not have any effect on the financial position of the group, however, it did give rise to additional disclosures.
IFRIC 11	1 March 2007	IFRS 2 – Group and Treasury Share Transactions	This interpretation addresses whether certain share transactions should be accounted for as cash or equity settled and with share-based payments that involve two or more entities in the same group. The adoption of this interpretation did not impact on the financial statements once implemented.
IFRIC 12	1 January 2008	Service Concession Arrangements	This interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements. The adoption of this interpretation did not impact on the financial statements once implemented.
IFRIC 14	1 January 2008	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	This interpretation provides additional guidance on IAS 19 and adoption did not have an impact on the financial statements once implemented.

1.1.3 IFRS and IFRIC interpretations not yet effective

The group has not applied the following IFRS and IFRIC interpretations which have been issued but are not yet effective:

Standard	Effective for financial periods commencing	Description	Impact
IAS 1	1 January 2009	IAS 1 (Amendment) Presentation of Financial Statements	IAS 1 (Amendment) – The amendment requires that all non-owner changes in equity (comprehensive income) be presented in either one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity. It also requires that a balance sheet is presented at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. The entity has to disclose income tax relating to each component of other comprehensive income, and disclose reclassification adjustments relating to components of other comprehensive income. The group still needs to determine which disclosure option it will follow for comprehensive income, but it is not expected that the impact on the financial statements will be significant.
IAS 23	1 January 2009	IAS 23 (Amendment) – Borrowing Costs	IAS 23 (revised) supersedes the previous IAS 23. The main change from the previous version is the removal of the option to immediately recognise, as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The group has already adopted the policy of capitalising borrowing costs.
IAS 27	1 July 2009	IAS 27 (Amendment) – Consolidated and Separate Financial Statements	IAS 27 amendments deal with acquisitions of additional non-controlling equity interests that have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit and loss. These amendments will impact on the accounting treatment where additional minority interests are acquired.
IAS 32	1 January 2009	IAS 32 (Amendment) – Financial Instruments: Presentation IAS 1 (Amendment) – Presentation of Financial Statements	IAS 32 requires certain puttable instruments that meet the definition of a financial liability to be classified as equity if, and only if, they meet the required conditions. These amendments will not have any impact on the group's financial statements.

1.1 Basis of preparation (continued)

1.1.3 IFRS and IFRIC interpretations not yet effective (continued)

Standard	Effective for financial periods commencing	Description	Impact
IFRS 2	1 January 2009	IFRS 2 (Amendment) – Share-based Payment: Vesting Conditions and Cancellations	The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and non-vesting conditions. Vesting conditions are now limited to service conditions as defined in the current IFRS 2 and performance conditions. Non-vesting conditions are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no true-up for differences between expected and actual outcomes. These amendments will not have any impact on the group's financial statements.
IFRS 3	1 July 2009	Business Combinations (Revised)	IFRS 3 applies to all new business combinations that occur after 1 April 2010. The statement requires that all transaction costs be expensed and the contingent purchase consideration be recognised at fair value on acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will have to be recognised in profit and loss. These amendments will have an impact on the disclosures regarding any business combinations subsequent to 1 April 2010.
IFRS 8	1 January 2009	Operating Segments	IFRS 8 sets out requirements for disclosure of information about an entity's operating segments, the entity's products and services, the geographical areas in which it operates and its major customers. This standard may require additional disclosures regarding segmental information, and the group is still determining the impact of the standard on its financial statements.
IFRIC 13	1 July 2008	Customer Loyalty Programmes	IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy goods and services. This interpretation is not expected to have any impact on the group's financial statements.

1.2 Significant accounting judgements and estimates

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

Consolidation of special-purpose vehicles

Management is of the opinion that the Bokamoso Trust, a broad-based community trust, is still controlled by Assore, as suitable beneficiaries which comply with the broad-based requirement set out in the Trust Deed have yet to be identified. Accordingly, the trust has been consolidated in the group financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill
Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The goodwill relates to the acquisition of a foreign subsidiary and, based on current circumstances, no impairment is necessary.

Post-retirement medical aid liability
Independent actuaries determine the quantum of the liability on a regular basis, and the related assumptions are disclosed in note 33.2.

Provisions for environmental rehabilitation
The group provides for the estimated costs of rehabilitation which include both restoration and associated decommissioning of assets. An independent environmental liability assessment is conducted on an annual basis to assess the adequacy of the environmental rehabilitation provisions. Significant risk of material adjustment exists due to the inherent uncertainty surrounding the future life of the mines, the forward-looking nature of the provisions and the uncertainty regarding the underlying assumptions. The inflation rates applied to estimated costs used in the discounted cash flow calculation is 11% and the nominal discount rate is 9%.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its joint-venture and subsidiary companies, which are prepared for the same reporting year as the holding company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated.

Subsidiary companies
Investments in subsidiary companies are accounted for in the company at cost less impairments. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intragroup transactions and balances, (including profits and losses that arise between group companies) are eliminated on consolidation.

Minority interests represent the portion of profit or loss and net assets and liabilities not held by the group which are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

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

1.4 Property, plant and equipment and depreciation

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when future economic benefits are no longer expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

The costs to add to, replace part of, or service an item following a major inspection is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

1.4 Property, plant and equipment and depreciation (continued)

Depreciation of the various types of assets is determined on the following bases:

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.

Land, buildings and mine, township and industrial properties

Land is not depreciated. Owner-occupied properties, which are designed for a specific use are only depreciated if carrying value exceeds estimated residual value, in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives. The annual depreciation rates used vary up to a maximum of 25 years.

Mine, township and industrial properties, including houses, schools and administration blocks, are depreciated to estimated residual values at the lesser of life of mine and expected useful life of the asset on the straight-line basis.

Plant and equipment

Mining plant and equipment is depreciated over the lesser of its estimated useful life, estimated at between 5 and 19 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 on the straight-line basis, over its useful life, up to a maximum of 25 years.

Prospecting, exploration, mine development and decommissioning assets

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 depreciated 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 depreciated in the same way as mining assets (refer to "Mineral and prospecting rights" above). 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 depreciated 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 depreciated on the straight-line basis using the following useful lives:

Vehicles	– between 5 and 9 years
Furniture	– between 4 and 18 years
Office equipment	– between 2 and 11 years

Capital work in progress

Capital work in progress is not depreciated and is transferred to the category to which it pertains when the asset is brought into use as intended.

1.5 Leased assets

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

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

1.6 Investment properties

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

Subsequent to initial recognition, investment properties are reflected at cost less accumulated depreciation and impairment losses. Investment properties are only depreciated if their carrying value exceeds estimated residual value, in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives.

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

1.7 Intangible assets

Intangible assets represent proprietary technical information and goodwill. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair 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 their useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Goodwill 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 fair value of the identifiable assets, liabilities and contingent liabilities fairly valued, 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 based on future income streams of the cash-generating unit.

1.8 Capitalisation of borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or development of a qualifying asset, which requires a substantial period of time to be prepared for its intended use, are capitalised until such time as the asset concerned is commissioned. Thereafter, these costs together with other borrowing costs are expensed. Borrowing costs include discounts or premiums relating to borrowings.

1.9 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss, and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.10 Environmental rehabilitation expenditure

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

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. The environmental trust funds are consolidated.

1.11 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 or joint-venture companies. The initial recognition of financial instruments is at fair value at the trade date and subsequent recognition is at fair value or amortised cost. Recognition methods adopted are disclosed in the policy statements for each item.

Available-for-sale investments

All investments are initially recognised at fair value, including acquisition charges associated with the investment. After initial recognition, investments, other than investments in jointly controlled entities and subsidiary companies, are classified as available-for-sale investments and are disclosed at fair value, which equates to market value.

Gains and losses on subsequent measurement are recognised in equity until the investment is disposed of, or its original cost is 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 to the income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis.

Trade and other receivables
Trade and other receivables, which generally have 30 to 120 days' terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

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

1.12 Derivative financial instruments and hedging

In the event that the group uses derivative financial instruments, such as forward currency contracts to hedge its risks associated with foreign currency fluctuations, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting and any gains or losses arising from changes in fair value on derivatives are taken directly to profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

1.13 Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired;
- the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.14 Impairment of financial assets

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired, which is determined on the following bases:

Assets carried at amortised cost
If there is objective evidence that an impairment loss on trade and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is either reduced directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

1.14 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

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

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.15 Foreign currency translation

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

Foreign currency balances

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

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.

1.16 Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolescence and slow-moving items. The cost of inventories, which are determined on a weighted average cost basis, comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.17 Taxation

Current tax

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred 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 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, and unused tax assets and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax assets and unused tax losses carried forward can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

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

Secondary taxation on companies (STC)

STC is calculated on the declaration date of all dividends net of dividends received 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.

1.18 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.

1.19 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at their fair value, being the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

1.20 Treasury shares

Own equity instruments which are reacquired are regarded as treasury shares and are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

1.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of mining and beneficiated products

Sale of mining and beneficiated products represents the 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. Sales of mining and beneficiated products are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Technical fees and commissions on sales

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

Interest received

Interest received is recognised using the effective interest rate method, ie the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net amount of the financial asset.

Dividends received

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

Rental income

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

1.22 Post-employment benefits

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. The cost of providing benefits under defined benefit plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised using the "corridor method", ie as income or an expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation or the fair value of the plan assets at that date. These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

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

The rate at which contributions are made to a defined contribution funds are fixed and are recognised as an expense when employees have rendered services in exchange for those contributions. No liabilities are raised in respect of the defined contribution fund, as there is no legal or constructive obligation to pay further contributions should the fund not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.23 Definitions

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and State's share of profits, after adjusting for outside shareholders' interests divided by the weighted number of shares outstanding during the period.

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with circular 8/2007 issued by the South African Institute of Chartered Accountants. 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. The book value of cash deposits with banks and money-market instruments approximate their fair value.

	Cost 2008 R'000	Accumulated depreciation 2008 R'000	Carrying amount 2008 R'000	Cost 2007 R'000	Accumulated depreciation 2007 R'000	Carrying amount 2007 R'000
2. PROPERTY, PLANT AND EQUIPMENT						
At year-end						
Mining assets						
Mineral and prospecting rights	**432 476**	**71 878**	**360 598**	432 476	51 536	380 940
Land, buildings and mine properties	**426 582**	**67 729**	**358 853**	227 859	52 212	175 647
Plant and equipment	**3 032 216**	**623 710**	**2 408 506**	1 994 852	511 858	1 482 994
Prospecting, exploration, mine development and decommissioning assets	**839 241**	**244 972**	**594 269**	788 530	195 291	593 239
Vehicles, furniture and office equipment	**329 424**	**141 541**	**187 883**	263 393	110 039	153 354
Leased assets capitalised	**27 543**	**9 457**	**18 086**	26 519	4 406	22 113
Capital work in progress	**54 409**	**–**	**54 409**	3 596	–	3 596
	5 141 891	**1 159 287**	**3 982 604**	3 737 225	925 342	2 811 883
Other assets						
Land and buildings	**6 962**	**316**	**6 646**	6 363	–	6 363
Township property	**–**	**–**	**–**	2 051	81	1 970
Industrial property	**24 813**	**2 913**	**21 900**	13 452	2 471	10 981
Plant and equipment	**127 855**	**25 545**	**102 310**	60 614	24 206	36 408
Vehicles, furniture and office equipment	**29 071**	**18 648**	**10 423**	25 887	17 856	8 031
Capital work in progress	**7 189**	**–**	**7 189**	62 970	–	62 970
	195 890	**47 422**	**148 468**	171 337	44 614	126 723
	5 337 781	**1 206 709**	**4 131 072**	3 908 562	969 956	2 938 606

Exchange differences

Exchange differences for the year arising on the translation at year-end of the property, plant and equipment of a foreign subsidiary amounted to R70 940 (2007: R6 260).

Leased assets

Vehicles with a carrying amount of R18,1 million (2007: R22,1 million) are encumbered as security for the finance lease agreements referred to in note 12.

Borrowing costs

Acquisitions in respect of mine development include borrowing costs amounting to R33,9 million (2007: R7,0 million) that were capitalised during the year. Borrowing costs are capitalised at effective rates applicable to group borrowings during the year.

Capital work in progress

Included in plant and equipment, mine development and capital work in progress above, are assets with a carrying amount of R197,6 million (2007: R861,2 million) which relate to projects in progress from which no revenue is currently derived.

Fixed asset register

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

2008	Opening carrying amount R'000	Acquisitions and transfers R'000	Disposals R'000	Reclassi-fications R'000	Current depreciation charge R'000	Closing carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT (continued)						
Movement for the year						
Mining assets						
Mineral and prospecting rights	380 940	–	–	–	(20 342)	360 598
Land, buildings and mine properties	175 647	199 904	(2 480)	2 596	(16 814)	358 853
Plant and equipment	1 482 994	1 075 661	(4 841)	(4)	(145 304)	2 408 506
Prospecting, exploration, mine development and decommissioning assets	593 239	73 528	(21 128)	120	(51 490)	594 269
Vehicles, furniture and office equipment	153 354	113 977	(29 705)	(1 084)	(48 659)	187 883
Leased assets capitalised	22 113	1 025	–	–	(5 052)	18 086
Capital work in progress	3 596	50 813	–	–	–	54 409
	2 811 883	1 514 908	(58 154)	1 628	(287 661)	3 982 604
Other assets						
Land and buildings	6 363	122	–	168	(7)	6 646
Township property	1 970	–	–	(1 970)	–	–
Industrial property	10 981	11 361	–	–	(442)	21 900
Plant and equipment	36 408	69 895	(1 230)	4	(2 767)	102 310
Vehicles, furniture and office equipment	8 031	5 352	(202)	170	(2 597)	10 754
Capital work in progress	62 970	(56 112)	–	–	–	6 858
	126 723	30 618	(1 432)	(1 628)	(5 813)	148 468
	2 938 606	1 545 526	(59 586)	–	(293 474)	4 131 072

2007	Opening carrying amount R'000	Acquisitions and transfers R'000	Disposals R'000	Reclassifi-cations R'000	Current depreciation charge R'000	Reversal of items previously capitalised R'000	Closing carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT (continued)							
Movement for the year							
Mining assets							
Mineral and prospecting rights	401 390	–	–	(120)	(20 330)	–	380 940
Land, buildings and mine properties	122 355	61 580	(19)	(93)	(8 176)	–	175 647
Plant and equipment	712 003	914 639	144	(35 849)	(110 670)	2 727	1 482 994
Prospecting, exploration, mine development and decommissioning assets	601 706	46 038	(4 595)	4 822	(54 732)	–	593 239
Vehicles, furniture and office equipment	93 666	85 279	(6 915)	3 227	(24 455)	2 552	153 354
Leased assets capitalised	6 246	26 479	–	–	(4 365)	(6 247)	22 113
Capital work in progress	–	3 596	–	–	–	–	3 596
	1 937 366	1 137 611	(11 385)	(28 013)	(222 728)	(968)	2 811 883
Other assets							
Land and buildings	–	2 234	(316)	4 445	–	–	6 363
Township property	1 976	–	–	–	(6)	–	1 970
Industrial property	10 301	5 160	–	(4 233)	(247)	–	10 981
Plant and equipment	22	8 453	(49)	31 027	(3 045)	–	36 408
Vehicles, furniture and office equipment	11 000	2 641	(13)	(3 199)	(2 391)	(7)	8 031
Capital work in progress	–	62 970	–	–	–	–	62 970
	23 299	81 458	(378)	28 040	(5 689)	(7)	126 723
	1 960 665	1 219 069	(11 763)	27	(228 417)	(975)	2 938 606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

		2008 R'000	2007 R'000
3.	**INVESTMENT PROPERTIES**		
	Land and buildings		
	Carrying amount at beginning of year	**61 425**	59 077
	Acquisitions	**413**	2 375
	Reclassifications	**–**	(27)
	Carrying amount at end of year	**61 838**	61 425
	Estimated fair value	**152 025**	152 025
	A register containing details of investment properties is available for inspection during business hours at the registered address of the company by shareholders or their duly authorised agents.		
	There is no depreciation charge for the year as the residual values are either equal to or exceed the carrying amounts.		
4.	**INTANGIBLE ASSETS**		
	Intangible assets consist of proprietary licences and goodwill.		
	Licences		
	Carrying amount at beginning of year	**1 870**	2 050
	Amortisation for the year	**(180)**	(180)
	Carrying amount at end of year	**1 690**	1 870
	Goodwill		
	Carrying amount at beginning and end of year	**1 418**	1 418
		3 108	3 288
5.	**AVAILABLE-FOR-SALE INVESTMENTS**		
	Listed – at market value	**590 066**	235 994
	Balance at beginning of year	**235 994**	169 625
	Purchases at cost	**149 084**	–
	Disposals at carrying value	**(4 681)**	(10 422)
	Fair value adjustment	**209 669**	76 791
	Unlisted – at cost and directors' valuation	**125**	125
		590 191	236 119
	Listed – at cost	**181 436**	37 033
	Fair value adjustment transferred to other reserves (refer note 11)	**408 630**	198 961
	As above	**590 066**	235 994
6.	**INVENTORIES**		
	Raw materials	**529 230**	404 740
	Consumable stores	**110 077**	46 867
	Work in progress	**7 512**	–
	Finished goods	**641 985**	524 440
	Less: Provision for obsolete stock	**(1 074)**	–
		1 287 730	976 047
	Cost of inventory recognised as an expense	**3 387 559**	2 567 935
	Cost of inventory written down during the year recognised in cost of sales	**2 054**	1 255

	2008 R'000	2007 R'000
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 980 966**	618 196
Other receivables	**17 576**	180 323
	1 998 542	798 519
Trade and other receivables are non-interest-bearing and are normally settled on 60 to 120-day terms.		
8. SHARE CAPITAL		
Authorised		
40 000 000 (2007: 40 000 000) ordinary shares of 2,5 cents each	**1 000**	1 000
Issued		
28 000 000 (2007: 28 000 000) ordinary shares of 2,5 cents each	**700**	700
9. SHARE PREMIUM		
Balance at beginning and end of year	**30 358**	30 358
10. TREASURY SHARES		
Balance at beginning of year	**(86 262)**	(78 526)
2 931 653 Assore shares (being 10,47% of issued share capital) acquired by Standard Bank of South Africa Limited at R760 per share in terms of a warehousing agreement with Assore (refer note 17).	**(2 228 056)**	–
86 086 Assore shares (being 0,31% of issued share capital) acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore at R318,37 per share in terms of the authority granted by shareholders at the previous Annual General Meeting.	**(27 407)**	–
62 291 Assore shares (being 0,22% of issued share capital) acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore at R124,19 per share in terms of the authority granted by shareholders at the previous Annual General Meeting.	**–**	(7 736)
Balance at end of year	**(2 341 725)**	(86 262)
11. OTHER RESERVES		
Foreign currency translation reserve arising on consolidation	**6 477**	757
After-tax fair value adjustment arising on the revaluation of available-for-sale investments	**351 638**	169 644
Gross fair value adjustment at year-end (refer note 5)	**408 630**	198 961
Less: Deferred capital gains taxation	**(56 992)**	(29 317)
	358 115	170 401
12. LONG-TERM BORROWINGS		
South African long-term borrowings		
Preference shares		
536 "A" preference shares of 1 cent each issued by Main Street 350 (Proprietary) Limited to Standard Bank of South Africa Limited to finance the acquisition of the Assore shares referred to in note 10.	**58 987**	56 929
Secured loans	**13 805**	18 283
Finance lease liabilities over mine vehicles with a carrying amount of R18,1 million (2007: R22,1 million) repayable in varying monthly instalments over 48 months (2007: 60 months) which bear interest at 1,40% (2007: 1,40%) below the prime overdraft rate	**19 135**	22 786
Less: Repayable within one year included in short-term borrowings (refer note 18)	**(5 330)**	(4 503)
	72 792	75 212

2008	Balance at year-end Total borrowings 2008 R'000	Repayable during the years ending 30 June 2009 R'000	2010 R'000	2011 R'000	2012 R'000	2013 R'000
12. LONG-TERM BORROWINGS (continued)						
Secured						
– finance lease liabilities	**19 135**	**5 330**	**4 829**	**5 447**	**3 529**	**–**
2007	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 R'000	2012 R'000
Secured						
– finance lease liabilities	22 786	4 503	5 054	4 392	2 805	6 032

Interest payable and repayments

The group has finance leases over mining vehicles, the terms of which have no renewal or purchase options and escalation clauses. Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	2008 Minimum payments R'000	2008 Present value of payments R'000	2007 Minimum payments R'000	2007 Present value of payments R'000
Within one year	**7 692**	**5 330**	6 915	4 503
After one year but not more than five years	**16 059**	**13 805**	21 949	18 283
Total minimum lease payments	**23 751**	**19 135**	28 864	22 786
Less: Finance charges	**4 616**	**–**	6 078	–
Present value of minimum lease payments (as above)	**19 135**	**19 135**	22 786	22 786

	2008 R'000	2007 R'000
13. DEFERRED TAXATION		
At year-end		
Raised on the following:		
Accelerated capital allowances	**898 915**	622 165
Provisions raised	**(52 317)**	(28 831)
Valuation of inventories	**(4 514)**	(2 228)
Revaluation of available-for-sale investments	**56 992**	29 317
Other	**625**	174
	899 701	620 597
Movements		
Balance at beginning of year	**620 597**	544 844
– Deferred tax assets	**6 808**	4 621
– Deferred tax liabilities	**627 405**	549 465
	279 104	75 753
Reduction due to change in tax rate	**(15 495)**	–
Accelerated capital allowances	**292 245**	83 125
Provisions reversed	**(23 486)**	(13 082)
Valuation of inventories	**(2 286)**	(1 894)
Revaluation of available-for-sale investments	**27 675**	7 566
Other	**451**	38
Balance at end of year	**899 701**	620 597
– Deferred tax assets	**7 377**	6 808
– Deferred tax liabilities	**907 078**	627 405

	2008 R'000	2007 R'000
14. LONG-TERM PROVISIONS		
Environmental obligations		
Provision for cost of decommissioning assets	**101 895**	50 170
Balance at beginning of year	**50 170**	25 416
Provisions raised during the year	**35 761**	7 083
Provision discount adjustment	**1 721**	906
Increase in decommissioning assets	**14 243**	16 765
Provision for cost of environmental restoration	**39 373**	23 489
Balance at beginning of year	**23 489**	28 406
Provisions raised/(reversed) during the year	**15 120**	(5 405)
Provision discount adjustment	**764**	488
Balance at end of year	**141 268**	73 659
Post-retirement healthcare benefits		
Balance at beginning of year	**8 084**	10 457
Increase for the year (refer note 33)	**1 176**	–
Provision reversed during the year (refer note 33)	**–**	(2 373)
Balance at end of year	**9 260**	8 084
	150 528	81 743
Environmental obligations before funding (as above)	**141 268**	73 659
Less: Cash deposits held by environmental trusts (per balance sheet)	**36 942**	29 097
Obligation provided for in the balance sheet, but not yet funded	**104 326**	44 562
15. TRADE AND OTHER PAYABLES		
Trade payables	**1 040 505**	488 928
Other payables	**3 012**	119 178
	1 043 517	608 106
Trade and other payables are non-interest-bearing and are normally settled on 30-day terms.		
16. SHORT-TERM PROVISIONS		
Balance at beginning of year	**24 577**	20 242
Provisions raised for the year	**63 061**	6 272
Payments made during the year	**(2 754)**	(1 937)
Balance at end of year	**84 884**	24 577
Made up as follows:		
Bonuses		
Balance at beginning of year	**2 064**	1 909
Provisions raised	**2 401**	2 064
Payments made during the year	**(2 064)**	(1 909)
Balance at end of year	**2 401**	2 064

	2008 R'000	2007 R'000
16. SHORT-TERM PROVISIONS (continued)		
Leave pay		
Balance at beginning of year	**19 744**	15 564
Provisions raised	**5 790**	4 208
Payments made during the year	**–**	(28)
Balance at end of year	**25 534**	19 744
Environmental compliance		
Balance at beginning of year	**–**	–
Provisions raised	**54 870**	–
Balance at end of year	**54 870**	–
Other		
Balance at beginning of year	**2 769**	2 769
Payments made during the year	**(690)**	–
Balance at end of year	**2 079**	2 769
	84 884	24 577
17. SHARE WAREHOUSING FACILITY		
Standard Bank has entered into an agreement with Old Mutual to purchase 2 931 653 Assore shares ("the warehoused shares") from Old Mutual at R760 per Assore share for an aggregate consideration of approximately R2 228,1 million. Standard Bank has further entered into an agreement with Assore in terms of which Standard Bank will warehouse the warehoused shares on Assore's behalf until such time as Assore is able to obtain the requisite shareholder approval to repurchase the warehoused shares from Standard Bank at R760 per Assore share for an aggregate consideration of R2 228,1 million, being equal to the amount paid by Standard Bank to Old Mutual for the warehoused shares.	**2 228 056**	–
18. OVERDRAFTS AND SHORT-TERM BORROWINGS		
Overdrafts and short-term borrowings (unsecured)	**388 103**	540 267
Current portion of long-term borrowings (refer note 12)	**5 330**	4 503
	393 433	544 770
Overdrafts and short-term borrowings are repayable on demand and interest rates are linked to the prime overdraft rate.		
19. REVENUE		
Revenue comprises:		
Sales of mining and beneficiated products	**9 158 937**	4 293 036
Technical fees and commissions on sales	**277 992**	111 399
Gross receipts	**520 104**	208 818
Eliminated on proportionate consolidation of Assmang	**(242 112)**	(97 419)
Interest received	**67 745**	20 676
Dividends received from available-for-sale investments	**9 002**	5 034
Other	**32 133**	11 891
	9 545 809	4 442 036

	Note	2008 R'000	2007 R'000
20. FINANCE COSTS			
Finance costs incurred on financial instruments		**71 935**	34 443
Less: Amounts capitalised	2	**(33 919)**	(6 972)
Per income statement		**38 016**	27 471
21. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS			
Profit before taxation and State's share of profits is stated after taking into account the following items of income and expenditure:			
Income			
Profit on disposal of property, plant and equipment		**125**	2 458
Foreign exchange gains			
– realised		**195 962**	80 042
– unrealised		**29 166**	2 852
Expenditure			
Amortisation of intangible assets		**180**	180
Auditors' remuneration		**4 364**	3 225
– Audit fees		**4 173**	3 200
– Underprovision in prior year		**191**	25
Cost of inventories written down		**2 054**	1 255
Depreciation of mining assets (refer note 2)		**287 661**	222 728
– Mineral and prospecting rights		**20 342**	20 330
– Land, buildings and mining properties		**16 814**	8 176
– Plant and equipment		**145 304**	110 670
– Prospecting, exploration, mine development and decommissioning		**51 490**	54 732
– Vehicles, furniture and office equipment		**48 659**	24 455
– Leased assets capitalised		**5 052**	4 365
Depreciation of other assets (refer note 2)		**5 813**	5 689
– Land and buildings		**7**	–
– Township and industrial property		**442**	253
– Plant and equipment		**2 767**	3 045
– Vehicles, furniture and office equipment		**2 597**	2 391
Exploration expenditure		**97**	762
Loss on disposal and scrapping of property, plant and equipment		**10 040**	207
Foreign exchange losses – unrealised		**1 964**	20 464
Operating lease expenses		**648**	616
Professional fees		**26 390**	1 283
Provision for impairment of debtors and bad debts written off		**9**	10
Transfer secretary fees		**99**	211
Staff costs (refer note 33)			
– salaries and wages (including directors' emoluments)		**600 606**	377 207
– healthcare costs		**17 827**	15 056
– pension fund contributions		**30 234**	24 354

	2008 R'000	2007 R'000
22. TAXATION AND STATE'S SHARE OF PROFITS		
South African normal taxation		
– current year	**985 872**	258 129
– underprovisions relating to prior years	**3 551**	854
Capital gains tax	**3 130**	6 239
State's share of profits	**237 848**	20 452
Deferred taxation		
– temporary differences (current year)	**267 630**	68 187
– temporary differences (prior years)	**(708)**	–
– rate adjustment	**(15 495)**	–
Secondary tax on companies	**27 263**	15 223
	1 509 091	369 084
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 at year-end.	**129 619**	98 218
Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint-venture and subsidiary companies	**754 528**	715 332
The group has unused credits in respect of secondary tax on companies of R271,7 million (2007: R92,1 million). No deferred tax asset has been raised on these amounts as there is no certainty that the credits will to be utilised in the foreseeable future.		
Reconciliation of tax rate (%)		
Nominal tax rate	**28,00**	29,00
Adjusted for:		
Dividend income	**(0,05)**	(0,12)
Exempt income	**(0,37)**	(1,14)
Underprovision relating to prior year	**0,06**	0,07
Capital gains tax	**0,07**	0,54
State's share of profits	**3,68**	1,74
Effect of foreign taxation	**0,03**	–
Disallowable expenditure	**0,19**	0,56
Secondary tax on companies	**0,58**	1,30
Impact of change in tax rate	**(0,33)**	–
Other	**0,33**	(0,47)
Effective tax rate	**32,19**	31,48
23. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Earnings per share (cents)	**11 406**	2 863
Headline earnings per share (cents)	**11 362**	2 720
The above calculations were determined using the following information:		
Earnings		
Profit attributable to shareholders of the holding company	**3 069 522**	774 704
Headline earnings		
Earnings as above	**3 069 522**	774 704
Adjusted for:		
Profit (after tax) on disposal of:		
– property, plant and equipment	**(90)**	(2 104)
– available-for-sale investments	**(19 221)**	(36 786)
Loss on disposal and scrapping of property, plant and equipment	**7 497**	207
Headline earnings	**3 057 708**	736 021
Weighted number of ordinary shares outstanding (R'000)		
Ordinary shares in issue	**28 000**	28 000
Treasury shares	**(1 088)**	(942)
Weighted average number of shares outstanding	**26 912**	27 058

	Note	2008 R'000	2007 R'000
24. DIVIDENDS			
Dividends declared during the year			
Final dividend No. 101 of 200 cents (2007: 150 cents) per share			
– declared on 29 August 2007		**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share			
– declared on 18 February 2008		**70 000**	42 000
Less: Dividends attributable to treasury shares		**(4 392)**	(2 928)
		121 608	81 072
Per share (cents)		**450**	300
Dividends relating to the activities of the group for the year under review			
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share			
– declared on 18 February 2008		**70 000**	42 000
Final dividend No. 103 of 1 000 cents (2007: 200 cents) per share			
– declared on 27 August 2008		**280 000**	56 000
Less: Dividends attributable to treasury shares		**(42 592)**	(3 416)
		307 408	94 584
Per share (cents)		**1 142**	350
25. NOTES TO THE CASH FLOW STATEMENT			
25.1 Cash generated by operations			
Profit before taxation and State's share of profits		**4 687 456**	1 172 439
Adjusted for:		**344 828**	212 435
– Dividends received		**(9 002)**	(5 034)
– Interest received		**(67 745)**	(20 676)
– Profit on disposal of property, plant and equipment		**–**	(2 458)
– Profit on disposal of available-for-sale investments		**(22 350)**	(43 025)
– Net unrealised foreign exchange gains		**(27 202)**	–
– Net unrealised foreign exchange losses		**–**	17 612
– Amortisation of intangibles	4	**180**	180
– Cost of inventories written down		**2 054**	1 255
– Depreciation on property, plant and equipment	2	**293 474**	228 417
– Finance costs	20	**71 935**	34 443
– Environmental provision discount adjustment		**2 485**	1 394
– Borrowing costs capitalised	20	**(33 919)**	(6 972)
– Foreign currency translation reserve		**11 216**	530
– Loss on disposal of property, plant and equipment		**10 040**	207
– Movements in long-term provisions		**52 057**	(695)
– Movements in short-term provisions		**63 061**	6 272
– Provision for impairment of debtors and bad debts written off		**9**	10
– Other non-cash flow items		**(1 465)**	975
		5 032 284	1 384 874
25.2 Dividend income			
Credited to the income statement		**9 002**	5 034

	2008 R'000	2007 R'000
25. NOTES TO THE CASH FLOW STATEMENT (continued)		
25.3 Movements in working capital		
Increase in inventories	**(313 737)**	(81 150)
Increase in trade and other receivables	**(1 172 830)**	(168 120)
Increase in trade and other payables	**435 450**	223 022
Increase in short-term finance raised	**2 228 056**	–
Payments against short-term provisions	**(2 754)**	(1 937)
	1 174 185	(28 185)
25.4 Taxation paid		
Unpaid at beginning of year	**(89 076)**	(56 609)
Charged to the income statement	**(1 509 091)**	(369 084)
Movement in deferred taxation	**251 429**	68 186
Unpaid at end of year	**966 127**	89 076
	(380 611)	(268 431)
25.5 Dividends paid		
Unpaid at beginning of year	**(107)**	(100)
Declared and paid during the year	**(126 000)**	(84 000)
Dividends attributable to treasury shares	**4 392**	2 928
Unpaid at end of year	**68**	107
	(121 647)	(81 065)
25.6 Cash resources at end of year		
Cash resources	**1 952 015**	280 360

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value over time. Bank overdrafts have been separately disclosed as current liabilities in the balance sheet.

26. FINANCIAL RISK MANAGEMENT

The group is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- Credit risk
- Liquidity risk
- Market risk

Details of the group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the consolidated financial statements together with information regarding management of capital.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of the group's risk management policies. The committee meets on an ad hoc basis and regularly reports to the board on its activities. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The roles and responsibilities of the committee include:

- Approval of all counterparties;
- Approval of new instruments;
- Approval of the group's foreign exchange transaction policy;
- Approval of the investment policy;
- Approval of treasury policy; and
- Approval of long-term funding requirements.

The internal auditors undertake regular and ad hoc reviews of risk management, controls and procedures, the results of which are reported to the Audit Committee.

26.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The group minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Certain customers who have well established credit accounts are allowed to transact on open accounts. However, customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts involved.

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2008 R'000	2007 R'000
Trade receivables	**1 980 966**	618 196
Local	**242 258**	615 421
Foreign	**1 738 708**	2 775
Sundry receivables	**17 576**	180 323
Local	**17 576**	180 323
Foreign	**–**	–
Total carrying amount per balance sheet	**1 998 542**	798 519

Ageing

The ageing of financial assets at the reporting date is included below. The ageing categories include:

	2008				2007			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying value R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Trade receivables	**1 980 966**	**–**	**–**	**1 980 966**	618 196	–	–	618 196
Not past due, not impaired	**1 980 966**	**–**	**–**	**1 980 966**	618 196	–	–	618 196
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
Other receivables	**17 576**	**–**	**–**	**17 576**	180 323	–	–	180 323
Not past due, not impaired	**17 576**	**–**	**–**	**17 576**	180 323	–	–	180 323
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
	1 998 542	**–**	**–**	**1 998 542**	798 519	–	–	798 519

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

Security held over non-derivative financial assets

	2008 R'000	2007 R'000
Irrevocable confirmed letters of credit		
– Confirmed by foreign banks	**26 801**	39 447

26.2 Liquidity risk

The Executive Committee manages the liquidity structure of the group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the group as a whole. Updated cash flow information and projections of future cash flows are received from the group companies on a regular basis (depending on the type of funding required). Measures have been introduced to ensure that the cash flow information received is accurate and complete.

Surplus funds are deposited in liquid assets (ie negotiable certificates of deposits and call deposits) (refer note 25.6).

Undrawn credit facilities

The borrowing capacity of the holding company, certain of its subsidiary companies and joint venture entities is limited by their respective Articles of Association and is based on their aggregate issued and paid up share capital, share premium and retained earnings as set out below:

	2008 R'000	2007 R'000
Assore Limited		
Authorised in terms of the Articles of Association	**200 000**	200 000
Less: External borrowings at year-end	**–**	–
Unutilised borrowing capacity	**200 000**	200 000
Assmang Limited		
Authorised in terms of the Articles of Association	**4 986 084**	2 457 643
Less: External borrowings at year-end		
– Long-term borrowings	**(13 805)**	(18 283)
– Overdrafts and short-term borrowings	**(255 915)**	(302 848)
Unutilised borrowing capacity	**4 716 364**	2 136 512
Minerais U.S. LLC		
Authorised in terms of the Articles of Association	**392 015**	280 652
External borrowings at year-end	**(137 519)**	(241 922)
Unutilised borrowing capacity	**254 496**	38 730

The general banking facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities at year-end determined at contracted, undiscounted value including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

2008	Carrying amount R'000	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
Financial assets						
Available-for-sale investments	**590 191**	**590 191**	**–**	**–**	**–**	**590 191**
Trade and other receivables	**1 998 542**	**1 998 542**	**1 998 542**	**–**	**–**	**–**
Cash deposits held by environmental trusts	**36 942**	**36 942**	**36 942**	**–**	**–**	**–**
Cash resources	**1 952 015**	**1 952 015**	**1 952 015**	**–**	**–**	**–**
	4 277 690	**4 277 690**	**3 987 499**	**–**	**–**	**590 191**
Financial liabilities						
Interest-bearing borrowings	**19 135**	**19 135**	**1 777**	**3 553**	**13 805**	**–**
Preference shares issued	**58 987**	**58 987**	**58 987**	**–**	**–**	**–**
Share warehousing facility	**2 228 056**	**2 228 056**	**2 228 056**	**–**	**–**	**–**
Trade and other payables	**1 043 517**	**1 043 517**	**1 043 517**	**–**	**–**	**–**
Overdrafts and short-term borrowings	**393 433**	**393 433**	**388 103**	**5 330**	**–**	**–**
	3 743 128	**3 743 128**	**3 720 440**	**8 883**	**13 805**	**–**
2007						
Financial assets						
Available-for-sale investments	236 119	236 119	–	–	–	236 119
Trade and other receivables	798 519	798 519	798 519	–	–	–
Cash deposits held by environmental trusts	36 942	29 097	29 097	–	–	–
Cash resources	1 952 015	280 360	280 360	–	–	–
	3 023 595	1 344 095	1 107 976	–	–	236 119
Financial liabilities						
Interest-bearing borrowings	22 786	22 786	1 501	3 002	18 283	–
Preference shares issued	56 929	56 929	56 929	–	–	–
Trade and other payables	608 106	608 106	608 106	–	–	–
Overdraft and short-term borrowings	544 770	544 770	540 267	4 503	–	–
	1 232 591	1 232 591	1 206 803	7 505	18 283	–

26.3 Market risk

Market risk is defined as the risk that movements in market risk factors, in particular US dollar commodity prices and the US dollar/SA rand exchange rate will affect the group's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the group's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

The group companies are responsible for the preparation and presentation of market risk information as it affects the entity concerned. Information is submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency, interest rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared for the entire group on a monthly basis.

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The group is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

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

	2008 R'000	2007 R'000
Variable rate instruments		
Liabilities		
Overdrafts and short-term borrowings	**388 103**	540 267
Preference shares	**58 987**	56 929
Finance leases	**19 135**	22 786
Share warehousing facility	**2 228 056**	–
Assets		
Cash and cash equivalents	**1 952 015**	280 360

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50-basis points in interest rates at the reporting date would have decreased profit by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the group's equity.

Cash and cash equivalents	**(10,2)**	(4,7)

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

Commodity price and currency risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in metal and mineral prices. The group also has transactional foreign exchange exposures, which arise from sales or purchases by the group in currencies other than the group's functional currency. The market is predominantly priced in US dollars and to a lesser extent in Euros which exposes the group to the risk that fluctuations in the relevant SA rand exchange rates may have an adverse effect on current or future earnings.

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

The group's exposure to currency risk was as follows based on the notional amounts:

	2008 US dollar (USD) R'000	**2008 Euro (EUR) R'000**	2007 US dollar (USD) R'000	2007 Euro (EUR) R'000
Assets	**212 349**	**7 274**	51 693	6 708
Trade receivables	**212 349**	**7 274**	51 693	6 708
Liabilities	**(225)**	**(997)**	(500)	(209)
Trade payables	**(225)**	**(997)**	(500)	(209)
Gross balance sheet exposure	**212 124**	**6 277**	51 194	6 499
Estimated forecast sales	**1 469 043**	**40 530**	424 601	20 864
Estimated forecast purchases	**–**	**(342)**	–	(889)
Gross exposure	**1 681 167**	**46 465**	475 795	26 473
Forward exchange contracts				
– Export sales	**–**	**–**	–	–
– Import	**–**	**–**	–	–
Net exposure	**1 681 167**	**46 465**	475 795	26 473
A 5% strengthening of the rand against the above currencies at 30 June would have decreased profit by the following amounts:				
Group	**83 156**	**3 881**	17 959	3 085

A 5% weakening of the rand against the above currencies at 30 June would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant. There is no impact on the group's equity.

Forward exchange contracts

The group did not have any open forward exchange contracts at year-end (2007: Nil) but a foreign subsidiary company had the following forward commitments with regard to its inventory of ores, alloys and metals, which are regarded for accounting purposes as executory contracts and are therefore not included in the balance sheet:

		2008			2007	
	Foreign currency notional amount USD	**Legal currency amount R'000**	**Fair value R'000**	Foreign currency notional amount USD	Legal currency amount R'000	Fair value R'000
Purchase contracts						
US dollar	**37 700**	**280 047**	**280 047**	22 300	157 467	157 467
		280 047	**280 047**		157 467	157 467
Sales contracts						
US dollar	**68 400**	**508 096**	**508 096**	70 000	494 291	494 291
		508 096	**508 096**		494 291	494 291

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 Fair value of financial assets and liabilities

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

2008	Note	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000	Fair value R'000
Financial assets							
Available-for-sale investments	5	**590 191**	**–**	**–**	**–**	**590 191**	**590 191**
Trade and other receivables	7	**–**	**1 998 542**	**–**	**–**	**1 998 542**	**1 998 542**
Cash deposits held by environmental trusts		**–**	**36 942**	**–**	**–**	**36 942**	**36 942**
Cash resources	25.6	**–**	**1 952 015**	**–**	**–**	**1 952 015**	**1 952 015**
		590 191	**3 987 499**	**–**	**–**	**4 577 690**	**4 577 690**
Financial liabilities							
Interest-bearing borrowings	12	**–**	**–**	**72 792**	**–**	**72 792**	**72 792**
Trade and other payables	15	**–**	**–**	**1 043 517**	**–**	**1 043 517**	**1 043 517**
Overdrafts and short-term borrowings	18	**–**	**–**	**393 433**	**–**	**393 433**	**393 433**
		–	**–**	**1 509 742**	**–**	**1 509 742**	**1 509 742**
2007							
Financial assets							
Available-for-sale investments	5	236 119	–	–	–	236 119	236 119
Trade and other receivables	7	–	798 519	–	–	798 519	798 519
Cash deposits held by environmental trusts		–	29 097	–	–	29 097	29 097
Cash resources	25.6	–	280 360	–	–	280 360	280 360
		236 119	1 107 976	–	–	1 344 095	1 344 095
Financial liabilities							
Interest-bearing borrowings	12	–	–	75 212	–	75 212	75 212
Trade and other payables	15	–	–	608 106	–	608 106	608 106
Overdrafts and short-term borrowings	18	–	–	544 770	–	544 770	544 770
		–	–	1 228 088	–	1 228 088	1 228 088

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments, loans, receivables and interest-bearing borrowings. Where there was no quoted market price a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using discounted cash flow method at market related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

27. CAPITAL MANAGEMENT

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

The group holds mineral rights over resources with remaining lives which vary in accordance with current prices (refer Resources and Reserves Statement). Decisions to exploit resources are made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise of total equity. The group may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The group manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the group on a continuous basis.

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

	2008 R'000	2007 R'000
28. COMMITMENTS		
Capital		
Expenditure authorised but not contracted for	**306 453**	773 408
Expenditure authorised and contracted for	**550 841**	1 921 773
	857 294	2 695 181
Commitments extend over a three-year period and will be financed from operating cash flows, undrawn committed borrowing facilities and project funding. The anticipated cash outflows are as follows:		
2008		1 376 203
2009	**857 294**	1 085 138
2010	**–**	233 840
	857 294	2 695 181
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	**683**	617
After one year but not more than five years	**2 265**	2 638
	2 948	3 255
29. CONTINGENT LIABILITIES		
Holding company		
Holding company guarantees issued to bankers as security for banking facilities provided to subsidiary companies	**392 015**	329 766
Performance guarantees issued to customers by subsidiary companies	**32 034**	33 079
	424 049	362 845

Guarantee issued to bankers

The holding company has also issued a guarantee to bankers to secure a short-term export finance agreement facility of R180 million (2007: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility. The facility was unused at year-end.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered into in 2006. If an event of default is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply. The group has also provided a guarantee to secure the banking facility extended to Mampa which at year-end amounted to R6,6 million (2007: R9,0 million). The group in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

	2008 R'000	2007 R'000
30. INVESTMENT IN JOINT VENTURE ENTITY		
50% (2007: 50%) interest in Assmang Limited (Assmang), which is controlled jointly with African Rainbow Minerals Limited (ARM).		
The group financial statements include the following amounts relating to Assmang, which were proportionately consolidated:		
Income statement		
Turnover	**7 417 728**	3 063 715
Cost of sales	**(3 210 092)**	(2 038 296)
Gross profit	**4 207 636**	1 025 419
Other operating income	**(6 847)**	(7 635)
Other operating expenses	**(125 681)**	(52 293)
Income from investments	**35 957**	5 622
Finance costs	**(14 448)**	(7 762)
Profit before taxation and State's share of profits	**4 096 617**	963 351
Balance sheet		
Property, plant, equipment and intangibles	**3 891 288**	2 763 261
Other investments	**1**	–
Current assets	**4 176 085**	1 426 010
Elimination of investment in joint venture entity	**(468 153)**	(468 153)
Current liabilities – interest-bearing	**255 915**	302 848
– non-interest-bearing	**1 640 895**	545 843
Long-term borrowings – interest-bearing	**13 806**	18 283
Deferred taxation	**829 536**	590 104
Long-term provisions	**133 196**	54 134
Distributable reserves	**4 725 873**	2 209 906
Cash flows		
Cash retained from operating activities	**2 765 449**	864 480
Cash utilised in investing activities	**(1 359 832)**	(1 075 455)
Cash (utilised in)/generated by financing activities	**(51 474)**	244 061
Cash resources	**1 422 200**	68 057
Commitments		
Future capital expenditure:		
– contracted for	**435 817**	1 824 501
– not contracted for	**300 893**	763 849
	736 710	2 588 350

Contingent liabilities

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

31. SEGMENTAL 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.

Business segments

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 (refer "other" in the table below) 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.

Secondary segmental information

Geographical segment by location of customers

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

	Group revenue by segment 2008 R'000	Group revenue by segment 2007 R'000	**Group receivables by segment 2008 R'000**	Group receivables by segment 2007 R'000
Customers by locations				
USA	**2 240 576**	1 416 271	**282 350**	164 396
Far East	**3 419 969**	1 005 597	**853 657**	141 619
Europe	**1 834 669**	1 019 032	**561 720**	190 252
South Africa	**1 123 965**	486 919	**288 494**	267 901
Other – foreign	**926 630**	514 217	**12 321**	34 351
	9 545 809	4 442 036	**1 998 542**	798 519

No segmental analysis has been provided with regard to capital expenditure as all of the group's property, plant and equipment is located in South Africa.

31. SEGMENTAL INFORMATION (continued)

R'000	Joint venture mining and beneficiation Iron Ore Division	Manganese Division	Chrome Division	Subtotal	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation	Total
Primary segmental information								
Year to 30 June 2008								
Income statement								
Revenue	**1 387 825**	**4 776 100**	**1 253 803**	**7 417 728**	**2 452 074**	**275 345**	**(599 338)**	**9 545 809**
Contribution to earnings	**389 581**	**2 037 720**	**340 645**	**2 767 946**	**742 207**	**41 111**	**(372 899)**	**3 178 365**
Contribution to headline earnings	**389 850**	**2 043 557**	**341 514**	**2 774 921**	**725 879**	**42 035**	**(481 744)**	**3 061 091**
Balance sheet								
Consolidated total assets	**2 161 928**	**4 709 277**	**1 007 681**	**7 878 886**	**3 151 164**	**1 237 651**	**(2 206 263)**	**10 061 438**
Consolidated total liabilities	**867 088**	**1 612 995**	**412 719**	**2 892 802**	**1 352 626**	**486 857**	**1 106 753**	**5 839 038**
Other information								
Capital expenditure	**1 115 603**	**255 412**	**78 968**	**1 449 983**	**3 930**	**92 023**	**(410)**	**1 545 526**
Depreciation and amortisation	**120 587**	**91 990**	**54 996**	**267 573**	**2 285**	**6 362**	**17 434**	**293 654**
Net cash inflow from operating activities	**354 970**	**2 087 438**	**323 041**	**2 765 449**	**809 887**	**64 538**	**2 051 733**	**5 691 607**
Cash outflow from investing activities	**(1 040 005)**	**(244 231)**	**(75 596)**	**(1 359 832)**	**(125 965)**	**(110 161)**	**(2 269 212)**	**(3 865 170)**
Cash inflow/(outflow) from financing activities	**140 528**	**–**	**(192 002)**	**(51 474)**	**(381 117)**	**56 801**	**221 008**	**(154 782)**
Year to 30 June 2007								
Income statement								
Revenue	1 081 712	1 345 111	636 893	3 063 716	1 490 752	137 415	(249 847)	4 442 036
Contribution to earnings	339 743	287 943	38 397	666 083	305 878	810	(169 416)	803 355
Contribution to headline earnings	339 696	287 649	38 110	665 455	268 205	428	(198 067)	736 021
Balance sheet								
Consolidated total assets	1 631 372	1 425 567	841 397	3 898 336	2 147 945	365 828	(1 088 648)	5 323 461
Consolidated total liabilities	726 114	127 501	587 079	1 440 694	1 002 982	283 481	(683 076)	2 044 081
Other information								
Capital expenditure	867 261	148 827	99 540	1 115 628	4 629	103 843	(5 031)	1 219 069
Depreciation and amortisation	80 141	75 074	47 313	202 528	2 143	5 960	17 966	228 597
Net cash inflow/(outflow) from operating activities	496 946	225 871	141 664	864 481	156 383	3 503	(50 286)	974 081
Cash outflow from investing activities	(854 533)	(148 328)	(72 595)	(1 075 456)	47 627	(90 892)	(32 389)	(1 151 110)
Cash (outflow)/inflow from financing activities	(313 027)	–	68 967	(244 060)	(90 113)	75 990	566 678	308 495

	2008 R'000	2007 R'000
32. RELATED PARTY TRANSACTIONS		
Transactions with related parties are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.		
The following significant related party transactions occurred during the year:		
Joint venture company		
Assmang Limited		
– gross commissions received	**520 103**	208 818
– amounts payable at year-end	**68 848**	8 857
– amounts receivable at year-end	**35 786**	10 656
Refer note 30 for details of the joint venture entity		
Subsidiary companies		
Remuneration paid to key management personnel of the group	**109 091**	55 260
Foreign subsidiary		
Minerais U.S. LLC		
– commissions received	**36 332**	13 079
– amounts receivable at year-end	**92 312**	8 999

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

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

33. RETIREMENT BENEFIT INFORMATION

33.1 Pensions

All subsidiary companies provide retirement benefits through either a defined benefit pension fund or a defined contribution pension fund and Assmang has made provision for pension plans covering all employees which comprise a defined contribution pension fund and two defined contribution provident funds administered by employee organisations within the industries in which members are employed.

. Defined benefit fund – Assore Pension Fund

The pension fund is a defined benefit fund. The most recent statutory actuarial valuation of the fund was performed as at 1 July 2005 and revealed a 93,2% funding level. An interim funding check was performed for financial reporting purposes as at 1 July 2008 which revealed a 104,5% funding level (2007: 113,5%). The financial positions at the various dates are set out below:

	Interim funding check 1 July 2008 R'000	Interim funding check 1 July 2007 R'000	Statutory valuation 1 July 2005 R'000
Value of assets	**234 495**	217 597	121 918
Value of liabilities	**224 319**	191 661	130 749
Surplus/(shortfall)	**10 176**	25 936	(8 831)
(Surplus)/deficit not recognised as an asset/liability	**(10 176)**	(25 936)	8 831
Net position	–	–	–

Contributions to the fund by the group which were expensed during the year amounted to R10,0 million (2007: R8,6 million)

The principal actuarial assumptions for the valuations include:	**2008 %**	2007 %	2005 %
– Pre-retirement discount rate	**10,90**	8,30	7,50
– Price inflation rate	**8,70**	5,40	5,00
– Salary inflation rate	**9,60**	6,40	6,00
– Pension increases	**6,52**	4,10	3,75
– Post-retirement interest rate	**4,40**	4,00	4,50

33. RETIREMENT BENEFIT INFORMATION (continued)

33.1 Pensions (continued)

Other

– Active mortality – Nil
– 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 assumed to be two years older than their wives, and married at date of retirement.
– For current pensioners, their actual marital status and, where applicable, the exact age of their spouse has been taken into account.

Statutory valuations are carried out every three years and the next valuation is due to be performed as at 1 July 2008.

Defined contribution Pension and Provident Funds

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

Reviews of the plans are carried out by independent actuaries at regular intervals. Contributions to the funds are 15,0% of payroll, split on an agreed basis between members and the employer.

The amount expensed in the current year was R20,2 million (2007: R15,8 million).

33.2 Medical aid

Subsidiary companies

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

Medical aid contributions paid on behalf of current members of staff and pensioners by subsidiary companies amounted to R3,0 million (2007: R2,9 million).

Joint venture entity

The joint venture entity, Assmang, has obligations to fund a portion of certain retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised (refer note 14).

The following table summarises the components of the net benefit expense recognised in the income statements of the joint venture entity.

	2008 R'000	2007 R'000
Current service cost	**651**	438
Interest cost on benefit obligation	**1 429**	2 062
Benefits	**(595)**	(560)
Net actuarial gain recognised during the year	**867**	(6 685)
Net benefit movement for the year	**2 352**	(4 745)

The liability is assessed periodically by an independent actuarial survey based on the following principal actuarial assumptions:
– a net discount rate of 1,0% per annum;
– an increase in healthcare costs at a rate of 7,92% per annum; and
– assumed rate of return on assets at 9% per annum.

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full. The most recent actuarial valuation was conducted on 30 June 2007 for the year ended 30 June 2007.

The provisions raised in respect of post-retirement healthcare benefits amounted to R18,5 million (2007: R16,2 million) at the end of the year. Of this amount R2,4 million (2007: R4,7 million) was charged against income in the current year.

Medical aid contributions paid on behalf of current members of staff and pensioners by the joint venture entity during the year amounted to R29,7 million (2007: R24,3 million).

COMPANY FINANCIAL STATEMENTS CONTENTS

COMPANY BALANCE SHEET at 30 June 2008

	Note	2008 R'000	2007 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**495 593**	495 593
Available-for-sale investments	2	**590 191**	236 119
Loans to group companies		**145 073**	67 641
		1 230 857	799 353
Current assets			
Trade and other receivables		**134**	–
Amounts due from group companies		**65**	34 830
Cash resources		**71**	54 868
		270	89 698
Total assets		**1 231 127**	889 051
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	**700**	700
Share premium	4	**30 358**	30 358
Retained earnings		**497 864**	390 038
Other reserves	5	**351 638**	169 644
Total equity		**880 560**	590 740
Non-current liabilities			
Loans from group companies		**262 080**	262 080
Deferred taxation	6	**56 992**	29 317
		319 072	291 397
Current liabilities			
Trade and other payables		**28 378**	173
Taxation		**3 117**	6 741
		31 495	6 914
Total equity and liabilities		**1 231 127**	889 051

COMPANY INCOME STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Revenue	7	**249 813**	122 115
Profit on disposal of available-for-sale investments		**22 350**	43 025
Income from investments		**249 814**	122 115
Administrative expenses		**(31 244)**	(1 100)
Finance costs		**(3 600)**	(10)
Profit before taxation	8	**237 320**	164 030
Taxation	9	**3 494**	6 760
Profit for the year		**233 826**	157 270
Dividends declared per share (cents)	10	**450**	300

COMPANY CASH FLOW STATEMENT for the year ended 30 June 2008

	Note	2008 R'000	2007 R'000
Cash retained from operating activities		**144 688**	5 413
Cash generated by operating activities		**280 138**	104 525
Cash utilised in operations	11.1	**(31 243)**	(1 100)
Investment income	11.2	**248 506**	120 351
Movements in working capital	11.3	**62 875**	(14 726)
Interest income		**1 307**	1 764
Finance costs		**(3 600)**	(10)
Taxation paid	11.4	**(7 118)**	(16 873)
Dividends paid	11.5	**(126 039)**	(83 993)
Cash (utilised in)/generated from investing activities		**(122 052)**	53 447
Acquisition of available-for-sale investments		**(149 084)**	–
Proceeds on disposal of available-for-sale investments		**27 032**	53 447
Cash generated by financing activities			
Movement in group company balances		**(77 433)**	(4 212)
Cash resources			
– (decrease)/increase for the year		**(54 797)**	54 648
– at beginning of year		**54 868**	220
– at end of year		**71**	54 868

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	2008 R'000	2007 R'000
Share capital		
Balance at beginning and end of year	**700**	700
Share premium		
Balance at beginning of year	**30 358**	30 358
Other reserves		
Balance at beginning of year	**169 644**	100 419
Net increase in the market value of available-for-sale investments	**209 669**	76 791
Deferred capital gains taxation provided on revaluation of available-for-sale investments to market value	**(27 675)**	(7 566)
Balance at end of year	**351 638**	169 644
Retained earnings		
Balance at beginning of year	**390 038**	316 768
Profit per income statement	**233 826**	157 270
Ordinary dividends declared during the year		
Final dividend No. 101 of 200 cents (2007: 150 cents) per share – declared on 29 August 2007	**(56 000)**	(42 000)
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share – declared on 18 February 2008	**(70 000)**	(42 000)
Balance at end of year	**497 864**	390 038
Share capital and reserves at year-end per balance sheet	**880 560**	590 740

	2008 R'000	2007 R'000
1. INVESTMENT IN GROUP COMPANIES		
Joint venture entity (refer note below)	**468 153**	468 153
Subsidiary companies (refer note below)	**27 440**	27 440
	495 593	495 593
Investment in joint venture entity		
Assmang Limited		
1 774 103 (2007: 1 774 103) ordinary shares at cost	**468 153**	468 153
Investment in subsidiary companies		
Shares at cost (refer note 12)	**27 440**	27 440
Amounts due (to)/by subsidiary companies (refer note 12)		
Loan accounts receivable	**145 073**	67 641
Current accounts receivable	**65**	34 830
Loan accounts payable	**(262 080)**	(262 080)
	(116 942)	(159 609)
The loans due to and from subsidiary companies are interest free and have no fixed repayment dates.		
2. AVAILABLE-FOR-SALE INVESTMENTS		
Listed – at market value	**590 066**	235 994
Balance at beginning of year	**235 994**	169 625
Purchases at cost	**149 084**	–
Disposals at carrying value	**(4 681)**	(10 422)
Fair value adjustment	**209 669**	76 791
Unlisted – at cost and directors' valuation	**125**	125
	590 191	236 119
Listed – at cost	**181 436**	37 033
Fair value adjustment transferred to other reserves (refer note 5)	**408 630**	198 961
As above	**590 066**	235 994
3. SHARE CAPITAL		
Authorised		
40 000 000 (2007: 40 000 000) ordinary shares of 2,5 cents each	**1 000**	1 000
Issued		
28 000 000 (2007: 28 000 000) ordinary shares of 2,5 cents each	**700**	700
4. SHARE PREMIUM		
Balance at beginning and end of year	**30 358**	30 358
5. OTHER RESERVES		
Surplus on the revaluation to fair value of available-for-sale investments	**408 630**	198 961
Less: Deferred capital gains taxation	**(56 992)**	(29 317)
	351 638	169 644
6. DEFERRED TAXATION		
Balance at beginning of year	**29 317**	21 751
Arising on the revaluation of available-for-sale investments at year-end (refer note 5)	**27 382**	7 566
Decrease in tax rate	**293**	–
Balance at end of year	**56 992**	29 317

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

	2008 R'000	2007 R'000
7. REVENUE		
Revenue comprises:		
Dividends received	**248 506**	120 351
Interest received	**1 307**	1 764
	249 813	122 115
8. PROFIT BEFORE TAXATION		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
Income		
Dividends received	**248 506**	120 351
Joint venture entity	**239 504**	115 317
Available-for-sale investments	**9 002**	5 034
Interest received	**1 307**	1 764
Expenditure		
Auditors' remuneration – audit fees	**94**	71
– audit fees	**83**	71
– underprovision in prior year	**11**	–
Directors' remuneration	**60 028**	36 456
– directors' fees	**923**	778
– other services	**59 105**	35 678
9. TAXATION		
South African normal tax		
– current year	**365**	508
– underprovisions relating to prior years	**–**	13
Capital gains tax	**3 129**	6 239
	3 494	6 760

The company has unused credits in respect of secondary tax on companies of R271,7 million (2007: R92,1 million). No deferred tax asset has been raised on these amounts as there is no certainty that the credits will to be utilised in the foreseeable future.

	2008	2007
Reconciliation of tax rate (%)		
Nominal tax rate	**28,00**	29,00
Adjusted for:		
Dividend income	**(29,32)**	(21,28)
Exempt income	**(2,64)**	(7,61)
Capital gains tax on disposal of available-for-sale investments	**1,32**	3,80
Underprovisions prior years	**–**	0,01
Disallowable expenditure	**4,11**	0,19
Other	**–**	0,01
Effective tax rate	**1,47**	4,12

	2008 R'000	2007 R'000
10. DIVIDENDS		
Dividends declared		
Final dividend No. 101 of 200 cents (2007: 150 cents) per share		
– declared on 29 August 2007	**56 000**	42 000
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share		
– declared on 18 February 2008	**70 000**	42 000
	126 000	84 000
Per share (cents)	**450**	300
Dividends relating to the activities of the company for the year under review		
Interim dividend No. 102 of 250 cents (2007: 150 cents) per share		
– declared on 18 February 2008	**70 000**	42 000
Final dividend No. 103 of 1 000 cents (2007: 200 cents) per share		
– declared on 27 August 2008	**280 000**	56 000
	350 000	98 000
Per share (cents)	**1 250**	350
11. NOTES TO THE CASH FLOW STATEMENTS		
11.1 Cash utilised in operations		
Profit before taxation	**237 320**	164 030
Adjusted for:	**(268 563)**	(165 130)
– Dividends received	**(248 506)**	(120 351)
– Interest received	**(1 307)**	(1 764)
– Profit on disposal of available-for-sale investments	**(22 350)**	(43 025)
– Finance costs	**3 600**	10
	(31 243)	(1 100)
11.2 Investment income		
Credited to the income statement	**248 506**	120 351
11.3 Movements in working capital		
Increase in trade and other receivables	**(134)**	–
Decrease/(increase) in amounts owing by group companies	**34 765**	(14 714)
Increase/(decrease) in trade and other payables	**28 244**	(12)
	62 875	(14 726)
11.4 Taxation paid		
Unpaid at beginning of year	**(6 741)**	(16 854)
Charged to the income statements	**(3 494)**	(6 760)
Unpaid at end of year	**3 117**	6 741
	(7 118)	(16 873)
11.5 Dividends paid		
Unpaid at beginning of year	**(107)**	(100)
Declared during the year	**(126 000)**	(84 000)
Unpaid at end of year	**68**	107
	(126 039)	(83 993)

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 30 June 2008 (continued)

	Issued share capital 2008/2007 R	Direct interest in share capital 2008/2007 %	Shares at cost 2008/2007 R'000	Amounts due from/(to) subsidiary companies 2008 R'000	2007 R'000
12. INTEREST OF COMPANY IN ITS SUBSIDIARY COMPANIES					
Incorporated in South Africa					
Ordinary shares					
African Mining and Trust Company Limited	1 000 000	100	1 200	110 465	94 830
Ceramox (Proprietary) Limited	100	100	1 124	–	–
Erven 40 and 41 Illovo (Proprietary) Limited	100	100	–	–	–
Erven 27 and 28 Illovo (Proprietary) Limited	100	100	–	–	–
Erf 1263 Parkview Extension 1 (Proprietary) Limited	1	100	–	–	–
General Nominees (Proprietary) Limited^	4	100	–	–	–
Main Street 460 (Proprietary) Limited	100	100	–	34 672	7 640
Ore & Metal Company Limited	100 000	100	105	(262 080)	(262 080)
Rustenburg Minerals Development Company (Proprietary) Limited	232 143	56	–	–	–
Wonderstone Limited	10 000	100	10	–	–
Wonderstone 1937 Limited^	45 940	100	35	–	–
Xertech (Proprietary) Limited	100	100	–	–	–
Zeerust Chrome Mines Limited	1 300 000	100	1 114	–	–
Incorporated in Namibia					
Krantzberg Mines Limited^	500 000	100	–	–	–
Incorporated in Mozambique					
Amhold Limitada^	2	100	–	–	–
Incorporated in United States of America					
Minerais U.S. LLC	17 756 100	51	11 418	–	–
Preference shares					
Main Street 350 (Proprietary) Limited	5	–	25 000	1	1
			40 006	(116 942)	(159 609)
Less: – held indirectly			(11 452)		
– provided against			(1 114)		
Per note 1			27 440	(116 942)	(159 609)

^ *Dormant companies*

13. FINANCIAL RISK MANAGEMENT

The company is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:

- Credit risk
- Liquidity risk
- Market risk

Details of the company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the company's financial statements together with information regarding management of capital.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of the company's risk management policies. The committee meets on an ad hoc basis and regularly reports to the board on its activities. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The roles and responsibilities of the committee include:

- Approval of all counterparties;
- Approval of new instruments;
- Approval of the company's foreign exchange transaction policy;
- Approval of the investment policy;
- Approval of treasury policy; and
- Approval of long-term funding requirements.

The company also has an Internal Audit function, which undertakes regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

13.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The company minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Certain customers who have well established credit accounts are allowed to transact on open accounts. However, customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts.

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2008 R'000	2007 R'000
Trade receivables	**134**	–
Local	**134**	–
Foreign	**–**	–
Total carrying amount per balance sheet	**134**	–

13. FINANCIAL RISK MANAGEMENT (continued)

13.1 Credit risk (continued)

Ageing

The ageing of financial assets at the reporting date is included below. The ageing categories include:

	2008				2007			
	Receivables not impaired R'000	**Receivables impaired R'000**	**Impairment amount R'000**	**Carrying value R'000**	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Trade receivables	**134**	**–**	**–**	**134**	–	–	–	–
Not past due, not impaired	**134**	**–**	**–**	**134**	–	–	–	–
Not past due, but impaired	**–**	**–**	**–**	**–**	–	–	–	–
Past due	**–**	**–**	**–**	**–**	–	–	–	–
	134	**–**	**–**	**134**	–	–	–	–

Security held over non-derivative financial assets

Trade receivables are unsecured.

13.2 Liquidity risk

The Executive Committee manages the liquidity structure of the company's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the company as a whole.

Surplus funds are deposited in liquid assets (ie negotiable certificates of deposits and call deposits).

Undrawn credit facilities

The borrowing capacity of the company is limited by its Articles of Association and is based on its aggregate issued and paid up share capital, share premium and retained earnings. The extent of the facilities available to the company are set out below:

	2008 R'000	2007 R'000
Authorised in terms of the Articles of Association	**200 000**	200 000
Less: External borrowings at year-end	**–**	–
Unutilised borrowing capacity	**200 000**	200 000

The general banking facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

Exposure to liquidity risk

The following are the cash flows of the company's financial assets and liabilities at year-end determined at contractual, undiscounted value including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

2008	**Carrying amount R'000**	**Total cash flows R'000**	**Less than 4 months R'000**	**Between 4 and 12 months R'000**	**Between 1 and 5 years R'000**	**More than 5 years R'000**
Financial assets						
Available-for-sale investments	**590 191**	**590 191**	**–**	**–**	**–**	**590 191**
Investment in group companies	**495 593**	**495 593**	**–**	**–**	**–**	**495 593**
Loans to group companies	**145 073**	**145 073**	**–**	**–**	**–**	**145 073**
Trade and other receivables	**134**	**134**	**134**	**–**	**–**	**–**
Amounts due from group companies	**65**	**65**	**65**	**–**	**–**	**–**
Cash resources	**71**	**71**	**71**	**–**	**–**	**–**
	1 231 127	**1 231 127**	**270**	**–**	**–**	**1 230 857**
Financial liabilities						
Loans from group companies	**262 080**	**262 080**	**–**	**–**	**262 080**	**–**
Trade and other payables	**28 378**	**28 378**	**28 378**	**–**	**–**	**–**
	290 458	**290 458**	**28 378**	**–**	**262 080**	**–**
2007						
Financial assets						
Available-for-sale investments	236 119	236 119	–	–	–	236 119
Investment in group companies	495 593	495 593	–	–	–	495 593
Loans to group companies	67 641	67 641	–	–	–	67 641
Trade and other receivables	–	–	–	–	–	–
Amounts due from group companies	34 830	34 830	34 830	–	–	–
Cash resources	54 868	54 868	54 868	–	–	–
	889 051	889 051	89 698	–	–	799 353
Financial liabilities						
Loans from group companies	262 080	262 080	–	–	262 080	–
Trade and other payables	173	173	173	–	–	–
	262 253	262 253	173	–	262 080	–

13.3 Market risk

Market risk is defined as the risk that movements in market risk factors will affect the company's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the company's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

Market risk information is prepared and submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency and interest rates and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared on a monthly basis.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

13. FINANCIAL RISK MANAGEMENT (continued)

13.3 Market risk (continued)

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

	2008 R'000	2007 R'000
Variable rate instruments		
Assets		
Cash and cash equivalents	**71**	54 868

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50-basis points in interest rates at the reporting date would have increased profit by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the company's equity.

	2008 R'000	2007 R'000
Cash and cash equivalents	**–**	1

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

13.4 Fair value of financial assets and liabilities

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

2008	Note	**Available-for-sale R'000**	**Loans and receivables R'000**	**Liabilities at amortised cost R'000**	**Total carrying value R'000**	**Fair value R'000**
Financial assets						
Investment in group companies	1	**495 593**	**–**	**–**	**495 593**	**495 593**
Available-for-sale investments	2	**590 191**	**–**	**–**	**590 191**	**590 191**
Loans to group companies		**–**	**145 073**	**–**	**145 073**	**145 073**
Trade and other receivables		**–**	**134**	**–**	**134**	**134**
Amounts due from group companies		**–**	**65**	**–**	**65**	**65**
Cash resources		**–**	**71**	**–**	**71**	**71**
		1 085 784	**145 343**	**-**	**1 231 127**	**1 231 127**
Financial liabilities						
Loans from group companies		**–**	**–**	**262 080**	**262 080**	**262 080**
Trade and other payables		**–**	**–**	**28 378**	**28 378**	**28 378**
		–	**–**	**290 458**	**290 458**	**290 458**
2007						
Financial assets						
Investment in group companies	1	495 593	–	–	495 593	495 593
Available-for-sale investments	2	236 119	–	–	236 119	236 119
Loans to group companies		–	67 641	–	67 641	67 641
Trade and other receivables		–	–	–	–	–
Amounts due from group companies		–	34 830	–	34 830	34 830
Cash resources		–	54 868	–	54 868	54 868
		731 712	157 339	–	889 051	889 051
Financial liabilities						
Loans from group companies		–	–	262 080	262 080	262 080
Trade and other payables		–	–	173	173	173
		–	–	262 253	262 253	262 253

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments, loans, receivables and interest-bearing borrowings. Where there is no quoted market price a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using discounted cash flow method at market related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

14. CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lines which vary in accordance with current prices (refer Resources and Reserves Statement). Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise of total equity. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

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

	2008 R'000	2007 R'000
15. CONTINGENT LIABILITIES		
Guarantees		
Guarantees issued to bankers as security for facilities provided to subsidiary companies	**392 015**	329 766

Joint venture entity

The company has issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2007: R180 million). The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee against any claims made by bankers in terms of this facility. The facility was unused at year-end.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered in 2006. If an event of default is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply. The company has also provided a guarantee to secure the banking facilities extended to Mampa which at year-end amounted to R6,6 million (2007: R9,0 million). The company in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

NOTICE TO MEMBERS

Notice is hereby given that the fifty-eighth Annual General Meeting of members of Assore Limited ("Assore" or "the company") will be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 28 November 2008 at 10h30 for the following purposes:

1. To receive and consider the annual financial statements of Assore and its group for the year ended 30 June 2008.
2. To elect directors in place of Messrs D Sacco and P C Crous, who retire in accordance with the provisions of Assore's Articles of Association but offer themselves for re-election. (Refer footnote to this notice for a short *curriculum vitae* of the directors concerned).
3. To transact any other business which may be transacted at an Annual General Meeting.

Voting and proxies

Members holding certificated shares and members who have dematerialised their shares and have elected own name registration in the sub-register maintained by their 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 Assore or the registered office of Assore, to be received by no later than 10h30 on Wednesday, 26 November 2008.

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. If such shareholders 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
29 October 2008

Footnote to item 2 of the agenda

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. 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).

Phillip Christiaan 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).

FORM OF PROXY

Assore Limited
(Incorporated in the Republic of South Africa)
(Registration No: 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, 28 November 2008.

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. If such shareholders 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, 28 November 2008 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:			
– D Sacco			
– P C Crous			

Signed at on 2008

Signature

Assisted by me (where applicable)

Please see notes overleaf

NOTES TO THE 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 (Proprietary) Limited, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107) to be received by not later than 10h30 on Wednesday, 26 November 2008.

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