

INTERIM RESULTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009



- Earnings decreased significantly due to market conditions
- Interim dividend decreased from R10 to R5 per share
- Assmang's Khumani Expansion Project to 16 million tons per annum progressing according to schedule
- Markets showing strong signs of improvement

CONSOLIDATED INCOME STATEMENT

	Half-year ended		Year ended
	31 December 2009	31 December 2008	30 June 2009
	Unaudited R'000	Unaudited R'000	Audited R'000
Revenue	2 752 752	6 805 831	9 527 669
Turnover	2 550 160	6 387 524	8 818 655
Cost of sales	(1 937 504)	(2 338 355)	(3 983 720)
Gross profit	612 656	4 049 169	4 834 935
Profit on disposal of available-for-sale investments	-	-	19 086
Other income	267 484	955 470	1 410 828
Other expenses	(265 498)	(138 956)	(717 821)
Finance costs	(61 760)	(189 517)	(298 148)
Profit before taxation and State's share of profits	552 882	4 676 166	5 248 880
Taxation and State's share of profits	(211 085)	(1 642 159)	(1 981 493)
Profit for the period	341 797	3 034 007	3 267 387
Attributable to:			
Shareholders of the holding company	338 114	2 980 574	3 241 452
Non-controlling interests	3 683	53 433	25 935
Profit for the period (as above)	341 797	3 034 007	3 267 387
Earnings as above	338 114	2 980 574	3 241 452
Profit on disposal (net of tax) of:			
- Available-for-sale investments	-	-	(16 414)
- Property, plant and equipment	(1 208)	(3 902)	(18 359)
Impairment of non-financial assets	-	-	59 114
Headline earnings	336 906	2 976 672	3 265 793
Earnings per share (cents) (basic and diluted)	1 413	12 461	13 669
Headline earnings per share (cents) (basic and diluted)	1 408	12 444	13 772
Dividends per share declared in respect of the profit for the period (cents):	500	1 000	2 000
- Interim	500	1 000	1 000
- Final	-	-	1 000
Weighted average number of ordinary shares (million)	27,57	27,75	27,66
Ordinary shares in issue	-	-	-
Weighted impact of treasury shares:			
- Held by Group companies	(2,73)	(2,92)	(3,03)
- Held by Bokamoso Trust	(0,91)	(0,91)	(0,91)
	23,93	23,92	23,72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended		Year ended
	31 December 2009	31 December 2008	30 June 2009
	Unaudited R'000	Unaudited R'000	Audited R'000
Profit for the period (as above)	341 797	3 034 007	3 267 387
Other comprehensive income/(loss) for the period, net of tax	178 759	(240 904)	(237 400)
Net gain/(loss) on revaluation of available-for-sale investments to market value	208 488	(298 676)	(270 143)
Profit on disposal of available-for-sale investments recognised in profit for the period	-	-	(19 086)
Deferred capital gains taxation	(29 100)	41 815	40 492
	178 759	(256 861)	(248 737)
Exchange differences on translation of foreign operations	(629)	15 957	11 337
Total comprehensive income for the period, net of tax	520 556	2 793 103	3 029 987
Attributable to:			
Shareholders of the holding company	516 873	2 739 670	3 004 052
Non-controlling interests	3 683	53 433	25 935
As above	520 556	2 793 103	3 029 987

CONSOLIDATED CASH FLOW STATEMENT

	Half-year ended		Year ended
	31 December 2009	31 December 2008	30 June 2009
	Unaudited R'000	Unaudited R'000	Audited R'000
Cash generated from operations	460	2 911 436	3 670 885
Cash utilised in investing activities	(699 305)	(905 399)	(1 620 690)
Cash utilised by financing activities	(102 950)	(38 435)	(990 085)
(Decrease)/increase in cash for the period	(801 795)	1 967 602	1 060 110
Cash resources at beginning of period	3 049 067	1 988 957	1 988 957
Cash resources as per statement of financial position	2 247 272	3 956 559	3 049 067

COMMENTARY

Headline earnings for the six months to 31 December 2009 have decreased by 88,7% compared to the same period in the previous fiscal year, to R336,9 million due to the significant decrease in the earnings of Assmang Limited (Assmang), and the decreased commissions earned on the reduced sales of group products. Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards (IFRS).

Assmang's headline earnings decreased by 89,3% to R601,7 million compared to the same period of the previous fiscal year, due to lower selling prices for all products. The global recession that set in during the last quarter of calendar 2008, resulted in prices reducing strongly for all the group's commodities, combined with a strengthening in the South African Rand/US Dollar exchange rate, leading to lower revenues. Except for iron ore, market conditions for all products were weak but did show some improvement towards the end of the period under review.

SALES VOLUMES

Assmang's turnover for the period under review declined significantly, and despite sales volumes for all products being higher compared to the same period for the previous fiscal year, amounted to R4,6 billion (2008: R10,9 billion), a reduction of 57,9%. The table below sets out Assmang's sales volumes for the period:

	Half-year ended		% increase
Metric tons '000	31 December 2009	31 December 2008	
Iron ore	4 452	3 455	29
Manganese ore*	1 582	1 291	23
Manganese alloys*	120	70	71
Charge chrome	75	65	15
Chrome ore*	99	80	24

* Excluding intra-group sales

CAPITAL EXPENDITURE

The bulk of the group's capital expenditure occurs in Assmang. The major capital expenditure occurred in the iron ore and manganese divisions. A total of R772 million was spent on the Khumani Expansion Project (KEP) at Assmang's Khumani Iron Ore Mine, while R194 million was spent at Assmang's Black Rock Manganese Mine on the construction of a new enlarged beneficiation plant. The expenditure programme on the KEP is planned to meet the timing of Assmang's increased allocation of rail capacity on the Sishen-Saldanha line from 10 to 14 million tons per annum by mid-2012, and is progressing according to schedule. A further R170 million was spent on furnace upgrades across Assmang's Manganese and Chrome divisions. A total of R27 million was spent on further developing two underground shafts at the Rustenburg Chrome Ore Mine, with commercial production expected to meet local commitments upon depletion of the existing opencast resources over the next 18 months.

OUTLOOK

Trading conditions have shown further signs of improvement, and customers and agents are prepared to acquire more ore and alloy inventories. However, it remains unclear as to the degree of recovery in

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December 2009	At 31 December 2008	At 30 June 2009
	Unaudited R'000	Unaudited R'000	Audited R'000
ASSETS			
Non-current assets			
Property, plant and equipment, investment properties and intangible assets	5 617 492	4 820 765	5 183 450
Investments - Available-for-sale investments	644 346	363 278	415 066
- Other	42 663	36 706	42 259
Total non-current assets	6 304 501	5 220 749	5 640 775
Current assets			
Inventories	1 868 563	2 051 088	1 804 010
Trade and other receivables	715 968	2 094 550	593 087
Cash resources	2 247 272	3 956 559	3 049 067
Total current assets	4 831 803	8 102 197	5 446 164
TOTAL ASSETS	11 136 304	13 322 946	11 086 939
EQUITY AND LIABILITIES			
Share capital and reserves			
Ordinary shareholders' interest	6 880 759	6 578 190	6 603 229
Non-controlling interest	74 898	99 859	71 819
Total equity	6 955 657	6 678 049	6 675 048
Non-current liabilities			
Net deferred taxation liabilities	1 479 976	1 076 861	1 341 836
Long-term liabilities	253 706	232 085	257 513
Total non-current liabilities	1 733 682	1 308 946	1 599 349
Current liabilities			
Interest bearing	1 528 952	2 589 062	1 623 843
Non-interest bearing	918 013	2 746 889	1 188 699
Total current liabilities	2 446 965	5 335 951	2 812 542
TOTAL EQUITY AND LIABILITIES	11 136 304	13 322 946	11 086 939
Net asset value per share (Rand)	290,6	279,0	278,9
Capital expenditure (R million)	680,7	806,8	1 476,0
Capital commitments (R million)	3 994,8	2 002,5	3 656,9

SEGMENTAL INFORMATION

R'000	Joint venture mining and beneficiation				Marketing and shipping	Other mining and beneficiation	Eliminations and adjustments*	Consolidated
	Iron ore	Manganese	Chrome	Subtotal				
Half-year ended 31 December 2009								
Unaudited								
Revenues								
- third party	1 797 336	2 408 415	504 429	4 710 180	242 449	79 855	(2 279 732)	2 752 752
- intersegment	-	-	-	-	153 806	-	(153 806)	-
Total revenues	1 797 336	2 408 415	504 429	4 710 180	396 255	79 855	(2 433 538)	2 752 752
Contribution to profit	383 314	355 240	(136 062)	602 492	71 963	(25 175)	(307 483)	341 797
Contribution to headline earnings	382 525	355 240	(136 062)	601 703	65 185	(22 893)	(307 089)	336 906
Segment assets	6 969 701	7 750 518	1 852 285	16 572 504	5 647 818	2 989 583	(14 073 601)	11 136 304
Capital expenditure	777 424	375 571	135 146	1 288 141	2 575	34 020	(644 071)	680 665
Half-year ended 31 December 2008								
Unaudited								
Revenues								
- third party	2 922 584	7 123 211	1 123 706	11 169 501	805 271	231 253	(5 400 194)	6 805 831
- intersegment	-	-	-	-	377 020	2 800	(379 820)	-
Total revenues	2 922 584	7 123 211	1 123 706	11 169 501	1 182 291	234 053	(5 780 014)	6 805 831
Contribution to profit	1 542 485	3 641 162	453 849	5 637 496	137 241	84 254	(2 824 984)	3 034 007
Contribution to headline earnings	1 531 885	3 641 826	453 849	5 627 560	123 118	43 011	(2 817 017)	2 976 672
Segment assets	5 706 277	11 668 590	2 338 530	19 713 397	6 645 966	2 285 290	(15 321 707)	13 322 946
Capital expenditure	874 771	409 434	219 412	1 503 617	5 391	49 638	(751 809)	806 937
Year ended 30 June 2009								
Audited								
Revenues								
- third party	5 026 714	8 897 515	1 812 333	15 736 562	1 120 715	305 623	(7 635 231)	9 527 669
- intersegment	-	-	-	-	513 336	4 592	(517 928)	-
Total revenues	5 026 714	8 897 515	1 812 333	15 736 562	1 634 051	310 215	(8 153 159)	9 527 669
Contribution to profit	2 170 428	3 955 584	193 146	6 319 158	193 942	(73 660)	(3 172 053)	3 267 387
Contribution to headline earnings	2 159 878	3 926 926	213 344	6 300 148	183 645	(55 452)	(3 162 548)	3 265 793
Segment assets	6 504 050	8 348 952	2 038 210	16 891 212	4 660 165	2 184 242	(12 648 680)	11 086 939
Capital expenditure	1 529 176	853 983	396 616	2 779 775	2 491	83 590	(1 389 888)	1 475 968

* Eliminations and adjustments mainly give effect to the elimination of the 50% share attributable to the other joint venture party in Assmang.

the markets in which the group trades. Commodity prices have increased from the lows experienced in early 2009, and the weak US Dollar continues to have a positive impact on these prices, however, with the SA Rand trading at relatively strong levels, group revenues remain depressed. The group's performance continues to be significantly exposed to fluctuations in exchange rates as the bulk of the group's sales remain in the export market.

DIVIDENDS

The results in the announcement include the final dividend relating to the previous financial year of 1 000 cents (2008: 1 000 cents) per share, which was declared on 26 August 2009 and paid to shareholders on 21 September 2009. Based on the decreased earnings for the current period the board has declared a lower interim dividend of 500 cents (2008: 1 000 cents) per share, which will be paid to shareholders on or about 29 March 2010. In accordance with IFRS, this interim dividend is not included in the results for the period under review as it was declared after 31 December 2009.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial results for the period under review have been prepared on the historical cost basis, except for financial instruments that are fairly valued, in accordance with IAS 34 - Interim Reporting, issued by the International Accounting Standards Board (IASB). The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2009, with the exception of the adoption of the following policies in response to changes in IFRS:

- IAS 1 (Amendment) - Presentation of Financial Statements; and
- IFRS 8 - Operating Segments.

The adoption of this amendment and this standard has had no effect on the financial statements of the group except for the disclosure of additional information. In addition, further amendments to IFRS and interpretations as issued by the IASB, have also been considered and adopted by the group. These amendments and interpretations have not had any effect on the financial results for the period or any requirement for additional disclosure.

SUBSEQUENT EVENT

On 2 December 2009 shareholders were advised that, subject to certain conditions precedent, an empowerment transaction had been concluded which would result in share ownership by Historically Disadvantaged South Africans, increasing from the existing 15,26% to 26,07%. Shareholders approved the transaction at a shareholders' meeting convened for that purpose on 19 January 2010 and subsequently all the suspensive conditions applicable to the first phase of the transaction have been fulfilled. It is anticipated that the remaining conditions will be fulfilled on or about the end of February 2010. Had the transaction been implemented prior to 31 December 2009, earnings per share for the period under review would have decreased by 54 cents per share to 1 359 cents per share, due to the estimated costs of the transaction.

DIRECTORS

On 31 August 2009, Mr JW Lewis was withdrawn as alternate director, due to his impending retirement from the group on 31 December 2009.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half-year ended		Year ended
	31 December 2009	31 December 2008	30 June 2009
	Unaudited R'000	Unaudited R'000	Audited R'000
Share capital, share premium and other reserves			
Balance at beginning of period	151 762	389 173	389 173
Par value of shares repurchased and cancelled	-	(11)	(11)
Other comprehensive income/(loss)	178 759	(240 904)	(237 400)
Balance at end of period	330 521	148 258	151 762
Treasury shares			
Balance at beginning of period	(2 125 285)	(2 341 725)	(2 341 725)
Treasury shares repurchased during the period	-	(26 465)	(26 465)
Warehouse transaction costs	-	(5 038)	(5 038)
Cancellation of treasury shares repurchased during the period	-	-	-
- Value of shares cancelled, excluding par value	-	248 718	248 718
- Costs of shares cancelled	-	(775)	(775)
Balance at end of period	(2 125 285)	(2 125 285)	(2 125 285)
Retained earnings			
Balance at beginning of period	8 576 752	6 063 424	6 063 424
Comprehensive income - profit	338 114	2 980 574	3 241 452
Treasury shares repurchased and cancelled during the period	-	(248 718)	(248 718)