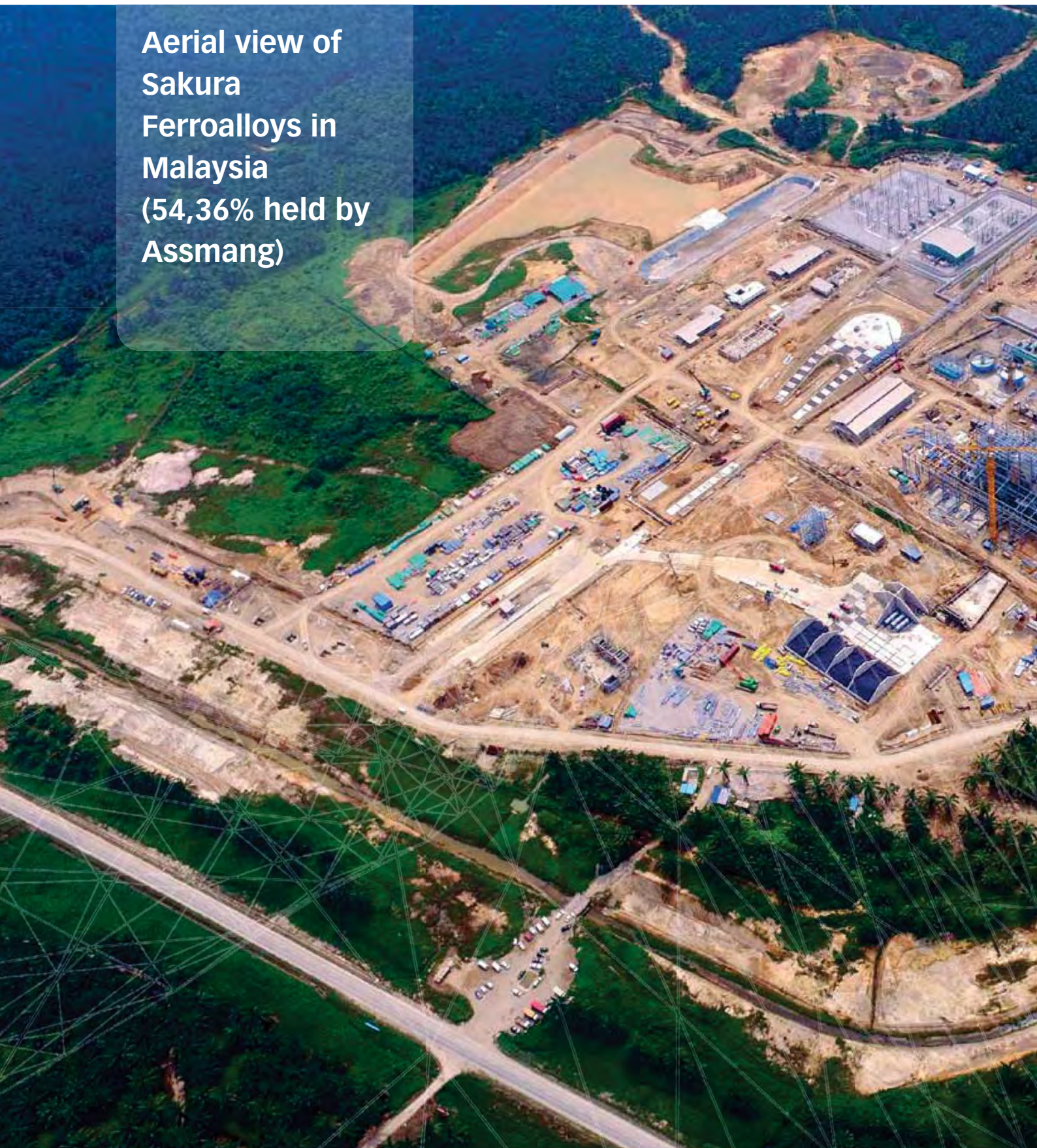


**Aerial view of  
Sakura  
Ferroalloys in  
Malaysia  
(54,36% held by  
Assmang)**





# Annual Financial Statements

- 47 Approval of the consolidated financial statements
  - 47 Company Secretary's certificate
  - 48 Independent auditor's report to the shareholders of Assore Limited
  - 49 Directors' report
- 

## 56 CONSOLIDATED FINANCIAL STATEMENTS

- 56 Consolidated statement of financial position
  - 57 Consolidated income statement
  - 57 Consolidated statement of comprehensive income
  - 58 Consolidated statement of cash flow
  - 59 Consolidated statement of changes in equity
  - 60 Notes to the consolidated financial statements
- 

## 86 COMPANY FINANCIAL STATEMENTS

- 86 Company statement of financial position
  - 87 Company income statement
  - 87 Company statement of comprehensive income
  - 88 Company statement of cash flow
  - 89 Company statement of changes in equity
  - 90 Notes to the company financial statements
- 

## 102 APPENDIX

---

# Approval of the consolidated annual financial statements

FOR THE YEAR ENDED 30 JUNE 2015

The consolidated and separate financial statements of Assore Limited for the year ended 30 June 2015, as set out on pages 48 to 118, have been prepared under the supervision of Mr CJ Cory CA(SA), have been audited in accordance with section 30(2)(a) of the Companies Act and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 19 October 2015, and are signed on its behalf by:



**Desmond Sacco**  
Chairman



**CJ Cory**  
Chief Executive Officer

## Company Secretary's certificate

FOR THE YEAR ENDED 30 JUNE 2015

We certify that the requirements stated in section 88(2)(e) of the Companies Act have been met and that all returns and notices, as are required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns and notices are true, correct and up to date.



**African Mining and Trust Company Limited**  
Secretaries  
per: **CD Stemmett**

19 October 2015

# Independent auditor's report to the shareholders of Assore Limited

FOR THE YEAR ENDED 30 JUNE 2015

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Assore Limited set out on pages 56 to 118, which comprise the statements of financial position as at 30 June 2015, the income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the directors' report and the notes, comprising a summary of significant accounting policies and other explanatory information.

## 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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S 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 about 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Assore Limited as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 30 June 2015, we have read the Audit and Risk Committee's report on pages 33 and 34, the Company Secretary's certificate on page 47 and the Directors' report on pages 49 to 55 for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*Ernst & Young Inc.*

Ernst & Young Inc.

**Director: Dave Ian Cathrall**

Registered auditor

Chartered Accountant (SA)

102 Rivonia Road

Sandton

Johannesburg

20 October 2015

# Directors' report

FOR THE YEAR ENDED 30 JUNE 2015

## NATURE OF BUSINESS

Assore Limited was incorporated in South Africa in 1950 and is a mining holding company engaged principally 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. Assore's principal investment is a 50% (2014: 50%) interest in Assmang Proprietary Limited (Assmang), which it controls jointly with African Rainbow Minerals Limited (ARM), which is also listed on the JSE. Assmang mines iron, manganese and chrome ores, and produces manganese alloys. In addition, the group mines Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear and acid-resistant tiles, which are installed in various mining, industrial and filtration applications. The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint venture 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 operational review and commentary (refer pages 28 to 31).

## FINANCIAL RESULTS

The consolidated financial results for the year ended 30 June 2015 are summarised below:

	Year ended 30 June	
	2015 R'000	2014 R'000
Turnover	2 526 096	1 768 561
(Loss)/profit before joint-venture entity and associate	(25 501)	457 567
Share of profit from joint-venture entity, after taxation	1 317 138	3 572 155
Share of loss of associate, after taxation	(1 197)	–
Profit for the year	1 290 440	4 029 722
Attributable to:		
Shareholders of the holding company	1 403 371	4 005 123
Non-controlling shareholders	(112 931)	24 599
As above	1 290 440	4 029 722
Profit attributable to the shareholders of the holding company (as above)	1 403 371	4 005 123
Dividends relating to the group's activities for the year under review (refer note 26 to the consolidated financial statements)	(619 242)	(1 032 071)
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	418 821	628 232
Final dividend No 117 of 300 cents (2014: 550 cents) per share – declared on 26 August 2015	418 821	767 839
Less: Dividends attributable to treasury shares	(218 400)	(364 000)
Profit relating to year after dividends, net of dividends retained in the group on treasury shares	784 129	2 973 052
The attributable interest of the group in the aggregate net profit and losses after taxation of subsidiary companies was as follows:		
Subsidiary companies		
– Profits	401 219	543 674
– Losses	(426 720)	(86 107)

# Directors' report continued

FOR THE YEAR ENDED 30 JUNE 2015

## 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 independent external auditors, Ernst & Young Inc., whose report is set out on page 48, 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). The accounting policies are consistent with those of the previous year.

The financial statements have been prepared on the going concern basis and the directors have no reason to believe that 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 in the statement of financial position are appropriately valued.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through the group's appointed Audit and Risk Committee, that management maintains adequate accounting records and systems of internal control which are developed and reviewed for effectiveness on an ongoing basis. The systems of internal control are established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of the financial information included in this report. The internal financial controls were assessed by the group's outsourced internal audit function and were found to be satisfactory.

## JOINT-VENTURE ENTITY

Assore holds a 50% interest in Assmang, which it controls jointly with ARM in terms of a long-standing shareholders' agreement. In accordance with IFRS, Assmang is accounted for on the equity accounting basis, and Assore has disclosed its share of Assmang's profit as "share of profit from joint-venture entity, after taxation". Set out below are the financial statements of Assmang in abridged format, which combine its continuing and discontinued operations. The "Assets held for distribution" in Assmang refers to the sale of Dwarsrivier (refer "Acquisition of remaining 50% of Dwarsrivier" on the following page).

## ABRIDGED CONSOLIDATED INCOME STATEMENT OF ASSMANG

	Year ended 30 June	
	2015 R'000	2014 R'000
Turnover	21 121 497	27 561 503
Profit before taxation	3 703 280	9 892 013
Taxation	1 044 057	2 722 755
Earnings	2 659 223	7 169 258
Dividends declared during the year	3 000 000	3 500 000
(Loss)/profit for the year after dividends paid	(340 777)	3 669 258

## ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASSMANG

	At 30 June	
	2015 R'000	2014* R'000
<b>Assets</b>		
Non-current assets	23 725 390	23 082 111
Current assets		
Inventories	4 448 860	4 426 867
Trade and other receivables	3 532 558	4 822 595
Financial assets	85 017	112 130
Deferred tax asset	2 821	–
Assets held for distribution	1 103 246	–
Cash and cash equivalents	5 425 101	5 975 535
<b>Total assets</b>	<b>38 322 993</b>	<b>38 419 238</b>
<b>Equity and liabilities</b>		
Equity	28 929 696	29 270 473
Non-current liabilities		
Deferred taxation liability	5 035 202	5 072 666
Long-term provisions	959 828	913 143
Current liabilities		
Trade and other payables	1 950 126	2 231 893
Short-term provisions	608 367	585 290
Taxation	369 778	345 773
Liabilities directly associated with the assets held for distribution	469 996	–
<b>Total liabilities</b>	<b>9 393 297</b>	<b>9 148 765</b>
<b>Total equity and liabilities</b>	<b>38 322 993</b>	<b>38 419 238</b>
Capital expenditure	3 836 808	3 643 143
Capital commitments	5 035 856	7 644 668

\*Comparative figures have been restated in order to be consistent with the level of detail disclosed in the current year.

## ACQUISITION OF REMAINING 50% OF DWARSRIVIER

On 24 June 2015, the company announced the acquisition from ARM of its 50% indirect share of Dwarsrivier Chrome Mine (Dwarsrivier) (held in Assmang) for a consideration of R450 million. The completion of the transaction is subject to certain conditions precedent, the most significant of which is the consent required, in terms of the Mineral Resources and Petroleum Development Act, by the Department of Mineral Resources (DMR) for the transfer of the mining right from Assmang that will operate Dwarsrivier (the Section 11 transfer). The purchase consideration has been disclosed in the consolidated statement of financial position as "Restricted cash" and will be adjusted for capital expenditure net of financial results from the operation in the intervening period until the Section 11 transfer is achieved. Once consent is granted, Assore will own 100% of Dwarsrivier, retrospective to 1 July 2014. Refer notes 8 and 32 to the consolidated financial statements for more detail.

## ACQUISITION OF MINORITY STAKE IN IRONRIDGE

On 2 December 2014, the company announced that it had subscribed for a 30,3% stake in IronRidge Resources Limited (IronRidge), against which it was awarded a stake of 29,9% on 12 February 2015 for UK pounds 6,98 million (R121 953 000). The major focus of IronRidge is prospecting for iron ore deposits in Gabon. Refer note 5 to the consolidated financial statements for more detail. The investment is accounted for using the equity accounting method, since the group has significant influence in its operations.



# Directors' report continued

FOR THE YEAR ENDED 30 JUNE 2015

## DIRECTORS' EMOLUMENTS

	Directors' fees (refer note 1) R'000	Salaries R'000	Bonuses (refer note 2) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
<b>2015</b>						
<b>Executive</b>						
Desmond Sacco (Chairman)	110	4 264	355	–	274	5 003
CJ Cory (Chief Executive Officer)	96	4 950	14 225	1 249	368	20 888
AD Stalker (Group Marketing Director)	96	2 615	9 703	650	308	13 372
BH van Aswegen (Group Technical and Operations Director)	96	2 522	9 643	636	354	13 251
<b>Non-executive</b>						
EM Southey (Deputy chairman and lead independent director)	535					535
RJ Carpenter (resigned 15 June 2015)	205					205
TN Mgoduso (appointed 2 February 2015)	104					104
S Mhlarhi	295					295
IN Mkhari (appointed 2 February 2015)	104					104
WF Urmson	455					455
<b>Alternate</b>						
PE Sacco	36	1 862	7 213	470	267	9 848
	<b>2 132</b>	<b>16 213</b>	<b>41 139</b>	<b>3 005</b>	<b>1 571</b>	<b>64 060</b>

	Directors' fees (refer note 1) R'000	Salaries R'000	Bonuses (refer note 2) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
<b>2014</b>						
<b>Executive</b>						
Desmond Sacco (Chairman)	110	4 264	355	–	256	4 985
CJ Cory (Chief Executive Officer)	96	4 583	15 261	1 177	453	21 570
AD Stalker (Group Marketing Director)	96	2 422	9 833	622	274	13 247
BH van Aswegen (Group Technical and Operations Director)	96	2 336	9 768	600	334	13 134
<b>Non-executive</b>						
EM Southey (Deputy Chairman and lead independent director)	420					420
RJ Carpenter	180					180
S Mhlarhi	240					240
WF Urmson	360					360
<b>Alternate</b>						
PE Sacco	36	1 693	7 270	435	253	9 687
	<b>1 634</b>	<b>15 298</b>	<b>42 487</b>	<b>2 834</b>	<b>1 570</b>	<b>63 823</b>

### Notes

- Directors' fees for executives include fees received from Assmang.
- 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 the group's results for the year and the achievement of its long-term objectives. Directors owning shares in the group do so in their own right and disclosure thereof is made in the Directors' report.
- Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, group life contributions, leave paid out, study loan benefits, use of assets and unemployment insurance fund contributions.

For more detail relating to the group's remuneration policy and structure, refer "Remuneration" on page 19.

**DIRECTORS' INTERESTS IN SHARES OF THE COMPANY**

Interest of the directors in the ordinary shares of the company at 30 June 2015 were as follows:

	Direct beneficial number of shares 2015	Indirect beneficial number of shares 2015	Direct beneficial number of shares 2014	Indirect beneficial number of shares 2014
<b>Executive directors</b>				
Desmond Sacco	960 000	32 430 489	883 380	32 430 490
CJ Cory	50 000	–	50 000	–
AD Stalker	–	–	–	–
BH van Aswegen	4 505	–	4 505	–
<b>Non-executive directors</b>				
EM Southey	–	–	–	–
RJ Carpenter (resigned 15 June 2015)	5 000	–	5 000	–
TN Mgoduso (appointed 2 February 2015)	–	–	–	–
S Mhlarhi	–	–	–	–
IN Mkhari (appointed 2 February 2015)	–	–	–	–
WF Urmson	–	–	–	–
<b>Alternate director</b>				
PE Sacco	227 580	–	217 380	–
	<b>1 247 085</b>	<b>32 430 489</b>	1 160 265	32 430 490

**DIRECTORATE AND SECRETARY**

The names of the directors, at the date of this report, and details of the company secretary, including its business and postal addresses, are set out on the inside back cover of this report.

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

- ▶ 2 February 2015 – Ms Thandeka Nozipho Mgoduso and Mrs Ipeleng Nonkululeko Mkhari were appointed as independent non-executive directors and Ms Mgoduso was appointed as a member of the Social and Ethics Committee on 1 October 2015.
- ▶ 15 June 2015 – Mr RJ Carpenter resigned from the board as a non-executive director.

In terms of the Memorandum of Incorporation (MoI), Messrs EM Southey and WF Urmson are required to retire by rotation at the forthcoming Annual General Meeting (AGM). Messrs TN Mgoduso and IN Mkhari were appointed subsequent to the previous AGM and in terms of section 68(3) of the Companies Act are required to be reappointed at the next AGM. All of the aforementioned directors, being eligible, offer themselves for re-election and a brief *curriculum vitae* for each of these directors is included in the notice of the AGM (refer page 122).

**DIVIDENDS**

	2015 R'000	2014 R'000
<b>Dividends declared during the year</b>		
Final dividend No 115 of 550 cents (2014: 350 cents) per share – declared 3 September 2014	767 839	488 624
Interim dividend No 116 of 300 cents (2014: 550 cents) per share – declared on 10 February 2015	418 821	628 232
Less: Dividends attributable to treasury shares	(309 400)	(291 200)
	<b>877 260</b>	825 656
<b>Dividends relating to results of the group for the year under review</b>		
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	418 821	628 232
Final dividend No 117 of 300 cents (2014: 550 cents) per share – declared on 26 August 2015	418 821	767 839
Less: Dividends attributable to treasury shares	(218 400)	(364 000)
	<b>619 242</b>	1 032 071

# Directors' report continued

FOR THE YEAR ENDED 30 JUNE 2015

## ANALYSIS OF SHAREHOLDING

The following analysis of shareholders, in accordance with the JSE Listings Requirements, has been established, based on an examination of the company's share register at 30 June 2015. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2015 Number of shares	%	2014 Number of shares	%
<b>Shareholder spread</b>				
Shares held by the public/non-public				
Non-public*				
– Holders in excess of 10% of the share capital	<b>105 021 450</b>	<b>75,23</b>	105 021 450	75,23
– Directors of the company (direct and beneficial)	<b>1 247 085</b>	<b>0,89</b>	1 160 265	0,83
	<b>106 268 535</b>	<b>76,12</b>	106 181 715	76,06
Public shareholders	<b>33 338 465</b>	<b>23,88</b>	33 425 285	23,94
	<b>139 607 000</b>	<b>100,00</b>	139 607 000	100,00
* As defined by Rule 4.25 of the JSE Listings Requirements				
<b>Major shareholders</b>				
Oresteel Investments Proprietary Limited	<b>73 190 000</b>	<b>52,43</b>	73 190 000	52,43
Main Street 460 Proprietary Limited (RF) (held 100% by Main Street 350 Proprietary Limited (RF) which is held 51% and 49% by the Boleng Trust and Assore Limited respectively)*	<b>15 367 000</b>	<b>11,01</b>	15 367 000	11,01
Main Street 904 Proprietary Limited (RF) (held 51% and 49% by the Fricker Road Trust and the Assore Employee Trust respectively)*	<b>16 464 450</b>	<b>11,79</b>	16 464 450	11,79
	<b>105 021 450</b>	<b>75,23</b>	105 021 450	75,23
Directors of the company	<b>1 247 085</b>	<b>0,89</b>	1 160 265	0,83
Others – less than 5%	<b>33 338 465</b>	<b>23,88</b>	33 425 285	23,94
	<b>139 607 000</b>	<b>100,00</b>	139 607 000	100,00
*Refer "Black economic empowerment status report" on page 36.				

### SPECIAL RESOLUTIONS

The following special resolutions were passed on 28 November 2014:

- The annual remuneration payable to non-executive directors in terms of section 66(9) of the Companies Act for their services as directors were increased, with effect from 1 January 2015, as follows:
  - Deputy Chairman and lead independent non-executive director R450 000
  - Non-executive directors (excluding Deputy Chairman) R250 000
  - Members of each of the Audit and Risk Committee, Remuneration Committee or Social and Ethics Committee R100 000
- The annual remuneration payable to executive directors, in terms of section 66(9) of the Companies Act as amended, for their services as directors was to remain at R60 000 per annum.
- That the board may authorise the company to directly or indirectly provide financial assistance to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act, as amended.

### EVENT AFTER THE REPORTING PERIOD

- On 26 August 2015, the board declared a final dividend of 300 cents per share amounting to R418,8 million, which was paid to shareholders on 21 September 2015.

# Consolidated statement of financial position

AS AT 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in joint-venture entity	1	14 585 308	14 768 170
Property, plant and equipment	2	230 342	525 849
Intangible assets	3	26 162	26 342
Investments			
– available-for-sale listed investments	4	233 972	377 988
– associate	5	120 756	–
– available-for-sale unlisted investments		47 808	46 613
Pension fund surplus	35	57 474	56 973
Deferred taxation	15	4 964	–
		<b>15 306 786</b>	<b>15 801 935</b>
<b>Current assets</b>			
Inventories	6	924 762	627 190
Trade and other receivables	7	410 325	383 923
Restricted cash	8	450 000	–
Cash resources	9	2 421 195	2 144 598
		<b>4 206 282</b>	<b>3 155 711</b>
		<b>19 513 068</b>	<b>18 957 646</b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	10	698	698
Share premium	11	264 092	264 092
Treasury shares	12	(5 051 583)	(5 051 583)
Retained earnings		22 461 703	21 935 592
Other reserves	13	134 046	153 793
Equity attributable to shareholders of the holding company		<b>17 808 956</b>	<b>17 302 592</b>
Non-controlling shareholders' interests		<b>15 765</b>	<b>150 271</b>
		<b>17 824 721</b>	<b>17 452 863</b>
<b>Total equity</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	14	346 100	346 100
Deferred taxation	15	–	63 426
Long-term provisions	16	18 433	23 382
Share-based payment liability	17	2 648	3 752
		<b>367 181</b>	<b>436 660</b>
<b>Current liabilities</b>			
Trade and other payables	18	304 408	447 104
Taxation		27 428	29 279
Short-term provisions	19	28 464	53 152
Overdrafts	20	960 866	538 588
		<b>1 321 166</b>	<b>1 068 123</b>
		<b>19 513 068</b>	<b>18 957 646</b>
<b>Total equity and liabilities</b>			

# Consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Revenue</b>	21	<b>3 357 297</b>	2 894 596
Turnover		2 526 096	1 768 561
Cost of sales		(2 376 827)	(1 649 450)
Gross profit		149 269	119 111
Add: Other income			
Commissions on sales and technical fees	21	643 442	926 060
Foreign exchange gains	23	1 503	364
Investment income	21	176 821	130 890
Sundry		27 391	69 130
Less: Other expenses			
Finance costs	22	(33 391)	(61 152)
Foreign exchange losses	23	(43)	(53)
Mining royalty taxes		(1 173)	(1 208)
Impairment of property, plant and equipment	2	(365 073)	(16 982)#
Impairment of financial assets to below original cost	4	(114 258)	(26 327)#
Staff remuneration and benefits		(264 418)	(305 321)
Sundry expenses		(143 278)	(136 459)#
Profit before taxation	23	76 792	698 053
Taxation	24	(102 293)	(240 486)
<b>(Loss)/profit after taxation, before joint-venture entity and associate</b>		<b>(25 501)</b>	457 567
<b>Share of profit from joint-venture entity, after taxation</b>	1	<b>1 317 138</b>	3 572 155
<b>Share of loss of associate, after taxation</b>	5	<b>(1 197)</b>	–
<b>Profit for the year</b>		<b>1 290 440</b>	4 029 722
<b>Attributable to:</b>			
Shareholders of the holding company		1 403 371	4 005 123
Non-controlling shareholders		(112 931)	24 599
As above		1 290 440	4 029 722
Earnings per share (cents) (basic and diluted)	25	1 360	3 881

# Sundry expenses in the prior year have been restated in order to disclose the above impairment charges separately.

# Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>Profit for the year (as above)</b>	<b>1 290 440</b>	4 029 722
Items that may be reclassified in the income statement dependent on the outcome of a future event	(8 703)	57 407
(Loss)/gain on revaluation to market value of available-for-sale listed investments, after taxation	(24 209)	52 434
(Loss down to original cost)/gain on revaluation to market value of available-for-sale listed investments (refer note 4)	(29 758)	59 452
Deferred capital gains tax thereon (refer note 15)	5 549	(7 018)
Exchange differences on translation of foreign operations	15 506	4 973
Items that may not be reclassified into the income statement dependent on the outcome of a future event		
Actuarial (losses)/gains in pension fund after taxation (refer note 13)	(2 725)	36 776
<b>Total comprehensive income for the year, net of taxation</b>	<b>1 279 012</b>	4 123 905
<b>Attributable to:</b>		
Shareholders of the holding company	1 384 130	4 096 869
Non-controlling shareholders	(105 118)	27 036
As above	1 279 012	4 123 905

# Consolidated statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Cash utilised in operating activities</b>		<b>(962 774)</b>	(725 162)
Net cash (utilised in)/generated from operations		<b>(25 922)</b>	292 267
Cash generated by operations	27.1	<b>445 790</b>	702 926
Dividend income	21	<b>21 563</b>	18 104
Movements in working capital	27.2	<b>(493 275)</b>	(428 763)
Interest income	21	<b>155 258</b>	112 786
Finance costs	27.3	<b>(20 720)</b>	(46 820)
Taxation paid	27.4	<b>(165 925)</b>	(252 065)
Dividends paid to shareholders of the holding company	27.5	<b>(876 077)</b>	(825 655)
Dividends paid to non-controlling shareholders		<b>(29 388)</b>	(5 675)
<b>Cash generated from investing activities</b>		<b>817 093</b>	1 476 850
Acquisition of:			
– available-for-sale listed investments	4	–	(161 926)
– available-for-sale unlisted investments		<b>(1 195)</b>	(4 650)
– interest in associate	5	<b>(121 953)</b>	–
Additions to property, plant and equipment	2	<b>(114 557)</b>	(93 670)
Acquisition of remaining 50% of Dwarsrivier Chrome Mine subject to conditions precedent	8	<b>(450 000)</b>	–
Dividends received from joint-venture entity	1	<b>1 500 000</b>	1 750 000
Net decrease in environmental rehabilitation trust funds		–	(14 123)
Proceeds on disposal of property, plant and equipment		<b>4 798</b>	1 219
<b>Cash generated from/(utilised in) financing activities</b>		<b>422 278</b>	(310 836)
Preference shares redeemed	14	–	(500 000)
Increase in overdrafts	20	<b>422 278</b>	189 164
<b>Cash resources</b>			
– increase for the year		<b>276 597</b>	440 852
– at beginning of year		<b>2 144 598</b>	1 703 746
– at end of year	9	<b>2 421 195</b>	2 144 598

# Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Share capital</b>			
Balance at beginning and end of year	10	698	698
<b>Share premium</b>			
Balance at beginning and end of year	11	264 092	264 092
<b>Treasury shares</b>			
Balance at beginning and end of year	12	(5 051 583)	(5 051 583)
<b>Retained earnings</b>			
Balance at beginning of year		21 935 592	18 756 125
Profit for the year		1 403 371	4 005 123
Ordinary dividends declared during the year	26	(877 260)	(825 656)
Final dividend No 115 of 550 cents (2014: 350 cents) per share – declared on 3 September 2014		(767 839)	(488 624)
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015		(418 821)	(628 232)
Less: Dividends attributable to treasury shares		309 400	291 200
Balance at end of year		22 461 703	21 935 592
<b>Other reserves</b>			
Balance at beginning of year		153 793	62 046
Other comprehensive (loss)/income		(17 022)	54 971
– (loss)/gain after tax arising on revaluation of available-for-sale listed investments to market value at year-end		(24 209)	52 434
– foreign currency translation reserve arising on consolidation		7 187	2 537
Actuarial (losses)/gains in pension plan after taxation		(2 725)	36 776
Balance at end of year	13	134 046	153 793
<b>Equity attributable to shareholders of the holding company</b>		17 808 956	17 302 592
<b>Non-controlling shareholders' interests</b>			
Balance at beginning of year		150 271	128 910
Share of total comprehensive (loss)/income		(134 506)	21 361
Total comprehensive income for the year, net of taxation		(105 118)	27 036
– (loss)/profit for the year		(112 931)	24 599
– other comprehensive income		7 813	2 437
Dividends paid to non-controlling shareholders		(29 388)	(5 675)
<b>Total equity</b>		17 824 721	17 452 863



# Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2014: 50%) interest in Assmang, a South African company which it jointly controls with ARM which is also listed on the JSE. Assmang mines iron, manganese and chrome ores and produces manganese and chrome alloys. In accordance with IFRS, the results of Assmang are accounted for by Assore using the equity method. The financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2015.

	2015 R'000	2014# R'000
<b>Consolidated income statement of Assmang</b> (accounting for Dwarsrivier as a discontinued operation)		
Turnover	19 512 919	26 270 538
Cost of sales	(14 369 081)	(14 462 704)
Gross profit	5 143 838	11 807 834
Other operating income	650 092	927 911
Other operating expenses	(2 754 964)	(3 361 401)
Profit from operations	3 038 966	9 374 344
Income from joint ventures	101 684	23 015
Income from investments	434 164	448 943
Finance costs	(55 157)	(51 332)
Profit before taxation	3 519 657	9 794 970
Taxation	(988 902)	(2 691 104)
<b>Profit for the year from continuing operations, net of taxation</b>	<b>2 530 755</b>	<b>7 103 866</b>
<b>Discontinued operations</b>		
Profit after taxation for the year from discontinued operations (notes 8 and 31)	121 716	68 000
Other comprehensive income/(losses)	6 752	(2 608)
<b>Total comprehensive income for the year, net of taxation (group interest therein: 50% (2014: 50%))</b>	<b>2 659 223</b>	<b>7 169 258</b>
Dividends declared during the year	3 000 000	3 500 000
<b>Abridged statement of financial position of Assmang</b>		
<b>Total assets</b>		
Non-current assets	23 725 390	23 082 111
Current assets		
Inventories	4 448 860	4 426 867
Trade and other receivables	3 532 558	4 822 595
Financial assets	85 017	112 130
Deferred taxation	2 821	–
Assets held for distribution	1 103 246	–
Cash and cash equivalents	5 425 101	5 975 535
	<b>38 322 993</b>	<b>38 419 238</b>
<b>Total liabilities</b>		
Non-current liabilities		
Deferred taxation	5 035 202	5 072 666
Long-term provisions	959 828	913 143
Current liabilities		
Trade and other payables	1 950 126	2 231 893
Short-term provisions	608 367	585 290
Taxation	369 778	345 773
Liabilities directly associated with the assets held for distribution	469 996	–
	<b>9 393 297</b>	<b>9 148 765</b>
	<b>28 929 696</b>	<b>29 270 473</b>
<b>Net assets</b>		
Proportion of the group's ownership	50%	50%
<b>Carrying amount of investment</b>		
Opening balance	14 768 170	12 946 015
Share of profit after taxation	1 317 138	3 572 155
Less: Dividends received	(1 500 000)	(1 750 000)
Carrying amount of investment in the statement of financial position	14 585 308	14 768 170
Capital expenditure	3 836 808	3 643 143
Capital commitments	5 035 856	7 644 668
– contracted for	2 286 424	1 899 469
– not contracted for	2 749 432	5 745 199

\* Financial information for the prior year has been restated for Dwarsrivier being classified by Assmang as a discontinued operation as from 24 June 2015 (refer notes 8 and 32) and has been restated where necessary in order to be consistent with the level of detail disclosed in the current year. Refer note 33 for the segmental analysis of Assmang, under "Joint venture mining and beneficiation".

## 1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)

### Impairment of assets

The carrying values of the following assets were fully impaired at year-end, as no future benefits were expected to arise from these assets:

- one ferromanganese furnace at Machadodorp Works and associated assets
- one ferromanganese furnace at Cato Ridge Works
- the off-grade plant at Khumani Ore Mine
- two ferromanganese furnaces and raw material feed system at Machadodorp Works

	2015 R'000	2014 R'000
	362 306	–
	302 956	–
	147 114	–
	–	519 880
	<b>812 376</b>	<b>519 880</b>

## 2 PROPERTY, PLANT AND EQUIPMENT

### At year-end

	Cost 2015 R'000	Accumulated depreciation and impairment charges 2015 R'000	Carrying amount 2015 R'000	Cost 2014 R'000	Accumulated depreciation and impairment charges 2014 R'000	Carrying amount 2014 R'000
Land and buildings	150 579	(33 041)	117 538	148 006	(31 442)	116 564
Plant, machinery and equipment	316 606	(263 532)	53 074	317 636	(166 135)	151 501
Vehicles	33 235	(21 005)	12 230	30 120	(19 017)	11 103
Furniture, fittings and office equipment <sup>#</sup>	97 709	(84 333)	13 376	93 671	(68 190)	25 481
Prospecting, exploration, mine development and decommissioning assets	304 373	(302 693)	1 680	145 863	(17 714)	128 149
Mineral and prospecting rights	3 037	(3 037)	–	3 037	(1 140)	1 897
Capital work-in-progress	32 444	–	32 444	91 154	–	91 154
	<b>937 983</b>	<b>(707 641)</b>	<b>230 342</b>	<b>829 487</b>	<b>(303 638)</b>	<b>525 849</b>

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Reclassi- fications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Land and buildings	116 564	1 650	(816)	1 739	(1 599)	117 538
Plant, machinery and equipment	151 501	3 177	(417)	(3 790)	(97 397)	53 074
Vehicles	11 103	1 588	(146)	1 673	(1 988)	12 230
Furniture, fittings and office equipment	25 481	1 972	(85)	2 151	(16 143)	13 376
Prospecting, exploration, mine development and decommissioning assets	128 149	76 081	(4 597)	87 026	(284 979)	1 680
Mineral and prospecting rights	1 897	–	–	–	(1 897)	–
Capital work in progress	91 154	30 089	–	(88 799)	–	32 444
	<b>525 849</b>	<b>114 557</b>	<b>(6 061)</b>	<b>–</b>	<b>(404 003)</b>	<b>230 342</b>

<sup>#</sup> Furniture and fittings, office equipment, computer hardware and software have been combined into one item and the comparative figures for 2014 have been aggregated accordingly.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

## 2 PROPERTY, PLANT AND EQUIPMENT (continued)

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Reclassifications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
<b>Movement for the year – 2014</b>						
Land and buildings	115 190	5 463	–	–	(4 089)	116 564
Plant, machinery and equipment	170 822	–	–	4	(19 325)	151 501
Vehicles	9 635	2 384	(70)	–	(846)	11 103
Furniture, fittings and office equipment#	40 011	6 838	(538)	(4)	(20 826)	25 481
Prospecting, exploration, mine development and decommissioning assets	51 562	78 985	–	3 714	(6 112)	128 149
Mineral and prospecting rights	1 967	–	–	–	(70)	1 897
Capital work in progress	94 868	–	–	(3 714)	–	91 154
	<b>484 055</b>	<b>93 670</b>	<b>(608)</b>	<b>–</b>	<b>(51 268)</b>	<b>525 849</b>

\* Furniture and fittings, office equipment, computer hardware and software have been combined into one item and the comparative figures for 2014 have been aggregated accordingly.

**Impairment of assets**

Management has determined that in the current and expected market conditions, the continued development of the underground shafts and related infrastructure at Rustenburg Minerals will not result in a sustainable and profitable operation. Accordingly, the project has been suspended indefinitely and the cost of the recoverable amounts of the development of the shafts and related capitalised assets have been impaired in full as the value-in-use has been determined at zero.

The impairment charge has been recorded against the following categories of property, plant and equipment:

- land and buildings
- plant, machinery and equipment
- prospecting, exploration, mine development and decommissioning assets
- mineral and prospecting rights

Per note 23

Management's previous estimate of economically extractable chrome concentrate from "tailings" material at Zeerust was reassessed and it became evident that the material cannot be processed economically. Accordingly, the assets were impaired, since the value-in-use was determined at zero.

	2015 R'000	2014 R'000
	<b>283</b>	–
	<b>86 558</b>	–
	<b>276 335</b>	–
	<b>1 897</b>	–
	<b>365 073</b>	–
	–	16 982

	2015 R'000	2014 R'000		
<b>3 INTANGIBLE ASSETS</b>				
<b>Licences</b>				
Carrying amount at beginning of year	609	789		
Amortisation for the year	(180)	(180)		
Carrying amount at end of year	429	609		
<b>Goodwill</b>				
Carrying amount at beginning and end of year	25 733	25 733		
	<b>26 162</b>	<b>26 342</b>		
<p>Goodwill represents the excess attributable on the acquisition of a majority stake in an offshore entity prior to 2005, as well as on the acquisition of Groupline Projects Proprietary Limited in 2011, both of which have been assessed for impairment at the date of the statement of financial position. The directors are of the opinion that the goodwill recognised will be recovered in the form of future cash flows anticipated from each of the entities and is therefore not impaired.</p> <p>Goodwill arises from the cost of the following entities:</p> <p>Minerais U.S. LLC</p>			1 418	1 418
Groupline Projects Proprietary Limited	24 315	24 315		
As above	<b>25 733</b>	<b>25 733</b>		
<b>4 INVESTMENTS</b>				
<b>Available-for-sale listed investments</b>				
Listed – at market value				
– balance at beginning of year	377 988	178 430		
– purchases at cost	–	161 926		
– impairment of carrying value below cost	(114 258)	(26 327) <sup>#</sup>		
– fair value adjustment at year-end	(29 758)	63 959 <sup>#</sup>		
Balance at end of year (refer below)	<b>233 972</b>	377 988		
Made up as follows:				
Listed investments – at cost	179 182	293 440		
Cumulative fair value adjustment included in other reserves (refer note 13)	54 790	84 548		
As above	<b>233 972</b>	<b>377 988</b>		

<sup>#</sup> Fair value adjustments have been restated to show impairment charges separately.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>5 INVESTMENT IN ASSOCIATE</b>		
On 2 December 2014, Assore subscribed for a 30,3% stake in IronRidge Resources Limited (IronRidge), against which it was awarded a stake of 29,9% upon its admission to the Alternative Investment Market (AIM) on the London Stock Exchange on 12 February 2015.		
IronRidge is registered in Australia and is an emerging regional iron ore explorer with two exploration projects in the Nyanga and Ogooue-Ivindo provinces of Gabon and a titanium and bauxite project in the state of Queensland, Australia.		
In accordance with IFRS, IronRidge is accounted for on the equity accounting basis and Assore has disclosed its share of IronRidge's loss after taxation in its income statement as "Share of loss of associate, after taxation". At year-end, the fair value of the group's investment was R56 383 000 (2014: Rnil)		
The financial information set out below has been extracted from the provisional results of IronRidge for the year ended 30 June 2015, converted to the group reporting currency as follows:		
<b>Abridged income statement of IronRidge</b>		
Revenue	9	–
Total reported comprehensive loss for the year	<b>(4 003)</b>	–
<b>Abridged statement of financial position of IronRidge</b>		
Non-current assets	29 923	–
Current assets		
Trade and other receivables	277	–
Cash resources	140 674	–
	<b>170 874</b>	–
<b>Total liabilities</b>		
Trade and other payables	2 563	–
Net assets	<b>168 311</b>	–
Proportion of the group's ownership (%)	<b>29,90</b>	–
<b>Reconciliation of investment at year-end to share in net asset value (NAV) and goodwill</b>		
Cost of investment	121 953	–
– Share of NAV	50 306	–
– Goodwill	71 647	–
Share of equity losses	(1 197)	–
	<b>120 756</b>	–
<b>6 INVENTORIES</b>		
Raw materials	890 659	586 788
Consumable stores	25 318	23 509
Work in progress	151	185
Finished goods	8 634	16 708
	<b>924 762</b>	627 190
Cost of inventory expensed included in cost of sales	<b>2 079 255</b>	1 448 552
Cost of inventory written down during the year included in cost of sales	<b>236</b>	341

	2015 R'000	2014 R'000
<b>7 TRADE AND OTHER RECEIVABLES</b>		
Trade	294 724	224 315
Other	115 601	159 608
	<b>410 325</b>	<b>383 923</b>
Trade receivables are non-interest-bearing and the terms range between 30 and 90 days (for information on credit risk refer note 28.1).		
<b>8 RESTRICTED CASH</b>		
On 25 June 2015 the group acquired ARM's 50% of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction is subject to certain conditions precedent (CPs), the most significant of which is the approval by the Department of Mineral Resources (DMR) of the transfer of Dwarsrivier's mineral rights from Assmang to a company which will be called Dwarsrivier Chrome Mine Proprietary Limited, and which will be a wholly owned subsidiary of Assore. This approval is required in terms of the Mineral Resources and Petroleum Development Act. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account. Once the CPs have been met, the balance (inclusive of accrued interest and certain contractual adjustments to accommodate the change in value of the asset since 1 July 2014 (effective date of acquisition)) will be released in favour of ARM (refer note 32).	<b>450 000</b>	–
Refer note 1 for impact of resultant discontinued operation in Assmang.		
<b>9 CASH RESOURCES</b>		
Cash on deposit	2 411 367	2 118 609
Current accounts	9 828	25 989
	<b>2 421 195</b>	<b>2 144 598</b>
<b>10 SHARE CAPITAL</b>		
<b>Authorised</b>		
200 000 000 (2014: 200 000 000) ordinary shares of 0,5 cents each	<b>1 000</b>	1 000
<b>Issued</b>		
Balance at beginning and end of year	<b>698</b>	698
139 607 000 (2014: 139 607 000) ordinary shares of 0,5 cents each		
<b>11 SHARE PREMIUM</b>		
Balance at beginning and end of year	<b>264 092</b>	264 092
<b>12 TREASURY SHARES</b>		
36 400 000 (2014: 36 400 000) ordinary shares in Assore Limited:		
Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS 904)	<b>(2 692 555)</b>	(2 692 555)
– 16 464 450 (11,79% of the issued share capital) acquired on 19 August 2011 at R163,00 per share	<b>(2 683 705)</b>	(2 683 705)
– Securities transfer taxation thereon	<b>(8 850)</b>	(8 850)
Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS 350)	<b>(2 359 028)</b>	(2 359 028)
– 19 935 550 (14,28% of the issued share capital) acquired over the 2006 to 2010 financial years at an average cost of R118,00 per share	<b>(2 352 354)</b>	(2 352 354)
– Transaction and warehousing costs thereon	<b>(6 674)</b>	(6 674)
Balance at end of year	<b>(5 051 583)</b>	(5 051 583)
<b>13 OTHER RESERVES</b>		
Foreign currency translation reserve arising on consolidation	<b>36 725</b>	29 538
Accumulated actuarial gains in pension fund	<b>52 236</b>	54 961
– balance at beginning of year	<b>54 961</b>	18 185
– per consolidated statement of comprehensive income	<b>(2 725)</b>	36 776
– actuarial (losses)/gains for the year	<b>(3 785)</b>	51 078
Less: Deferred capital gains taxation (refer note 15)	<b>1 060</b>	(14 302)
After tax fair value adjustment arising on the revaluation of available-for-sale listed investments	<b>45 085</b>	69 294
Gross fair value adjustment at year-end (refer note 4)	<b>54 790</b>	84 548
Less: Deferred capital gains taxation	<b>(9 705)</b>	(15 254)
	<b>134 046</b>	153 793

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>14 LONG-TERM BORROWINGS</b>		
3 461 (2014: 3 461) unsecured redeemable preference shares of R100 000 each issued to the Standard Bank of South Africa Limited (SBSA) with dividends payable half-yearly at 75% of the prime lending rate published by SBSA		
Unredeemed at beginning of year	346 100	846 100
Voluntary redemption in prior year: 24 March 2014 – 5 000 shares	–	(500 000)
Balance: 3 461 (2014: 3 461) shares to be redeemed by latest 24 February 2017	<b>346 100</b>	346 100
Dividends paid on the preference shares during the year were as follows:		
On 6 October 2014 (2014: 7 October 2013)	11 304	27 859
On 2 April 2015 (2014: 7 April 2014)	11 023	11 196
On 5 March 2014, upon voluntary redemption of 5 000 shares	–	15 126
	<b>22 327</b>	39 055
<b>15 DEFERRED TAXATION ASSETS/(LIABILITIES)</b>		
<b>At year-end</b>		
Arising from temporary differences		
– accelerated capital allowances	(1 150)	(55 022)
– provisions raised	6 222	14 507
– valuations of inventories	–	103
– income received in advance	–	3 313
– pension fund surplus	(16 093)	(15 470)
– revaluation of available-for-sale listed investments	16 000	(10 857)
– prepaid expenditure	(15)	–
Asset/(liability) at end of year	<b>4 964</b>	(63 426)
<b>Movements</b>		
Balance at beginning of year	(63 426)	(43 622)
Movements for the current year:		
Arising on the reversal of temporary differences (income statement)	61 781	1 516
– accelerated capital allowances	53 872	(4 478)
– provisions raised	(8 285)	3 351
– valuation of inventories	(103)	–
– income received in advance	(3 313)	2 643
– pension fund surplus	(1 683)	–
– revaluation of available-for-sale listed investments below original cost	21 308	–
– prepaid expenditure	(15)	–
Arising from temporary differences (other comprehensive income)		
– revaluation of available-for-sale listed investments at year-end	5 549	(7 018)
– actuarial losses/(gains) in pension fund	1 060	(14 302)
As above	<b>4 964</b>	(63 426)

	2015 R'000	2014 R'000
<b>16 LONG-TERM PROVISIONS</b>		
<b>Environmental obligations</b>		
<b>Provision against cost of decommissioning assets</b>	<b>6 527</b>	3 784
Balance at beginning of year	3 784	5 030
Provisions raised/(reversed) during the year	2 260	(573)
Unwinding of discount	483	467
Reallocation to provision for environmental restoration	–	(1 140)
<b>Provision for cost of environmental restoration</b>	<b>10 588</b>	16 110
Balance at beginning of year	16 110	15 271
Provisions raised/(reversed) during the year	5 627	(1 097)
Re-allocation from provision for decommissioning assets	–	1 140
Transfer between long and short-term provisions	(11 973)	–
Unwinding of discount	824	796
<b>Leave pay</b>	<b>1 318</b>	3 488
Balance at beginning of year	3 488	2 389
Provisions raised during the year	219	–
Transfer between long and short-term provisions	(2 389)	1 099
Balance at end of year	<b>18 433</b>	23 382
The inflation rates applied to estimated costs used in the discounted cash flow to determine the provision for environmental restoration vary between 6,05% and 8,10% (2014: 6,5% and 8,5%) and the nominal discount rates vary between 6,05% and 8,10% (2014: 6% and 8,5%).		
<b>17 SHARE-BASED PAYMENT LIABILITY</b>		
Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled, share-based payment transactions during the year, using the Monte Carlo valuation technique	<b>2 648</b>	3 752
EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the ERPs and resultant cash payment is linked to the Assore share price on the date of the payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at a rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date.		
The number of rights that have vested to date amount to 108 858 (2014: 51 323), and have a combined intrinsic value of Rnil (2014: R1 417 000), due to the Assore share price at year-end of R103,50 (2014: R356,66) being less than the sum of the notional debt and accumulated interest thereon.		
The following assumptions were used in determining the fair value of the EPRs:		
– dividend yield, between 3,59% and 3,72% (2014: 1,21% and 2,44%)		
– expected volatility, between 40,74% and 42,02% (2014: 38,39% and 39,54%)		
– risk-free interest rate between 5,50% and 9,00% (2014: 5,25% and 8,90%)		



Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>18 TRADE AND OTHER PAYABLES</b>		
Trade	231 823	376 970
Other	72 585	70 134
	<b>304 408</b>	447 104
Trade and other payables are non-interest-bearing, the terms of which are between 30 to 90 days.		
<b>19 SHORT-TERM PROVISIONS</b>		
<b>Bonuses</b>		
Balance at beginning of year	16 194	24 549
Provisions raised during the year	7 155	12 697
Payments made during the year	(11 863)	(21 052)
Balance at end of year	<b>11 486</b>	16 194
<b>Leave pay</b>		
Balance at beginning of year	11 220	10 882
Provisions raised during the year	1 827	1 871
Payments made during the year	(2 863)	(434)
Transfer between long and short-term provisions	2 389	(1 099)
	<b>12 573</b>	11 220
<b>Environmental compliance</b>		
Balance at beginning of year	25 738	25 182
Provisions raised during the year	(19 780)	10 939
Payments made during the year	(13 526)	(10 383)
Transfer between long and short-term provisions	11 973	–
Balance at end of year	<b>4 405</b>	25 738
	<b>28 464</b>	53 152
<b>20 OVERDRAFTS</b>		
Owing at end of year	<b>960 866</b>	538 588
Foreign subsidiary, Minerais U.S. LLC, maintains a US dollar denominated overdraft facility with a bank which provides it with the ability to borrow up to an aggregate of US dollar 100 million (2014: US dollar 70 million) to finance its inventory and receivables. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% (2014: 0,75%) above LIBOR which at year-end was 0,1100% (2014: 0,1000%). Overdraft borrowings mature daily and are guaranteed by the holding company.		
<b>21 REVENUE</b>		
Revenue comprises:		
Sales of mining and beneficiated products	2 513 216	1 768 561
Commissions on sales and net technical fees	643 442	926 060
Foreign commissions received	–	33 010
Interest received	155 258	112 786
Dividends received on available-for-sale, listed and unlisted investments	21 563	18 104
Other	23 818	36 075
	<b>3 357 297</b>	2 894 596

	2015 R'000	2014 R'000
<b>22 FINANCE COSTS</b>		
Paid and accrued on:		
Long-term borrowings (refer note 14)	22 327	54 181
Unwinding of discount (refer note 16)	1 307	1 263
General banking facilities	9 757	5 708
	<b>33 391</b>	<b>61 152</b>
<b>23 PROFIT BEFORE TAXATION</b>		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
<b>Income</b>		
Foreign exchange gains	1 503	364
– realised	931	225
– unrealised	572	139
Profit on disposal of property, plant and equipment	–	611
<b>Expenditure</b>		
Amortisation of intangible assets (refer note 3)	180	180
Cost of inventories written down (refer note 6)	236	341
Depreciation and impairment charges (refer note 2)	404 003	51 268
Depreciation	38 930	34 286
– land and buildings	1 316	704
– plant, machinery and equipment	10 839	13 309
– vehicles	1 988	846
– furniture, fittings and office equipment	16 143	15 000 <sup>#</sup>
– prospecting, exploration, mine development and decommissioning assets	8 644	4 357
– mineral and prospecting rights	–	70
Impairment arising at year-end on review of carrying values of non-financial assets	365 073	16 982
Foreign exchange losses	43	53
– realised	25	31
– unrealised	18	22
Loss on disposal of property, plant and equipment	1 264	–
Operating lease expenses	707	912
Professional fees	22 687	10 528
Secretarial fees	569	541
Information technology costs	21 406	16 588
Staff costs		
– salaries and wages (including emoluments of executive directors)	254 351	293 941
– pension fund costs (refer note 35)	28 562	32 360
– contributions to medical aid funds	4 898	5 112

<sup>#</sup> Furniture and fittings, office equipment, computer hardware and software have been combined into one item and the comparative figures for 2014 have been aggregated accordingly.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>24 TAXATION</b>		
South African normal taxation		
– current year	151 552	218 444
– (over)/under provision relating to prior years	(1 127)	2 831
Deferred taxation		
– reversal of temporary differences in current year (refer note 15)	(61 781)	(1 516)
Securities transfer taxation on redemption of preference dividends	228	1 490
Dividend withholding tax, paid on dividends declared by structured entities	5 368	10 944
Foreign taxation		
– current year in foreign subsidiary	8 053	8 293
	<b>102 293</b>	240 486
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies at year-end, for which no deferred tax assets have been raised. These losses are current and have not expired	<b>139 862</b>	155 570
Estimated unredeemed capital expenditure available for set off against future taxable income on mining operations in certain subsidiary companies	<b>296 802</b>	190 707
<b>Reconciliation of tax charge as percentage of profit before taxation</b>	%	%
Statutory tax rate	28,00	28,00
Adjusted for:		
(Over)/under provision relating to prior years	(1,47)	–
Securities transfer taxation on redemption of preference dividends	0,30	0,06
Dividend withholding tax, paid on dividends declared by structured entities	6,99	1,56
Deferred taxation assets on impairment charges not recognised (refer notes 2 and 4)	147,77	1,74*
Disallowable expenditure	18,40	5,15*
Exempt income	(16,71)	(1,67)
Change in rate of trust taxation	0,92	–
Other deferred taxation assets not recognised	(51,00)	–
Other items	–	(0,39)
Effective tax rate	<b>133,21</b>	34,45
<i>*Disallowable expenditure in the prior year has been restated in order to disclose the tax impact of impairment charges separately.</i>		

	2015	2014
<b>25 EARNINGS AND HEADLINE EARNINGS PER SHARE</b>		
Earnings per share (cents) (basic and diluted)	<b>1 360</b>	3 881
Headline earnings per share (cents) (basic and diluted)	<b>1 915</b>	4 098
The above calculations were determined using the following information:		
<b>Earnings</b>	<b>R'000</b>	R'000
Profit attributable to shareholders of the holding company	<b>1 403 371</b>	4 005 123
<b>Headline earnings</b>		
Earnings as above	<b>1 403 371</b>	4 005 123
Adjusted for:		
Impairment of non-financial assets in subsidiaries – attributable (refer note 2)	<b>180 368</b>	16 982
Impairment of non-financial assets in group (before non-controlling shareholder's portion)	<b>322 085</b>	16 982
– before taxation (refer note 2)	<b>365 073</b>	16 982
– taxation effect	<b>(42 988)</b>	–
Less: Non-controlling shareholder's portion	<b>(141 717)</b>	–
Impairment of non-financial assets in joint-venture entity	<b>292 455</b>	185 911
– before taxation (refer note 1)	<b>406 188</b>	259 940
– taxation effect	<b>(113 733)</b>	(74 029)
Impairment of financial assets	<b>92 951</b>	21 418
– before taxation (refer note 4)	<b>114 258</b>	26 327
– taxation effect	<b>(21 307)</b>	(4 909)
Loss on disposal of property, plant and equipment in joint-venture entity	<b>6 296</b>	896
– before taxation	<b>8 745</b>	1 153
– taxation effect	<b>(2 449)</b>	(257)
Loss/(profit) on disposal of property, plant and equipment in subsidiaries	<b>910</b>	(440)
– before taxation (refer note 23)	<b>1 264</b>	(611)
– taxation effect	<b>(354)</b>	171
	<b>1 976 351</b>	4 229 890
<b>Shares in issue</b>		
Weighted number of ordinary shares in issue ('000)		
Ordinary shares in issue	<b>139 607</b>	139 607
Treasury shares held in trust (refer note 12)	<b>(36 400)</b>	(36 400)
Weighted average number of shares in issue for the year	<b>103 207</b>	103 207
<b>26 DIVIDENDS</b>		
<b>Dividends declared during the year</b>		
Final dividend No 115 of 550 cents (2014: 350 cents) per share – declared on 3 September 2014	<b>767 839</b>	488 624
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	<b>418 821</b>	628 232
Total dividend for the year	<b>1 186 660</b>	1 116 856
Less: Dividends attributable to treasury shares	<b>(309 400)</b>	(291 200)
	<b>877 260</b>	825 656
Per share (cents)	<b>850</b>	800
<b>Dividends relating to the activities of the group for the year under review</b>		
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	<b>418 821</b>	628 232
Final dividend No 117 of 300 cents (2014: 550 cents) per share – declared on 26 August 2015	<b>418 821</b>	767 839
Less: Dividends attributable to treasury shares	<b>(218 400)</b>	(364 000)
	<b>619 242</b>	1 032 071
Per share (cents)	<b>600</b>	1 000

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>27 NOTES TO THE STATEMENT OF CASH FLOW</b>		
<b>27.1 Cash generated by operations</b>		
Profit before taxation	76 792	698 053
Adjusted for:	368 998	4 873
– interest received	(155 258)	(112 786)
– dividends received	(21 563)	(18 104)
– loss/(profit) on disposal of property, plant and equipment	1 264	(611)
– net foreign exchange gains	(1 460)	(311)
– cost of inventories written down	236	341
– depreciation of property, plant and equipment	38 930	34 286
– impairment of non-financial assets	365 073	16 982
– amortisation of intangibles	180	180
– finance costs	33 391	61 152
– impairment of available-for-sale listed investments	114 258	26 327
– movement in provisions	(4 949)	(6 769)
– cash-settled, shared-based payment charges	(1 104)	1 760
– foreign currency translation reserve arising on consolidation	–	2 426
	<b>445 790</b>	<b>702 926</b>
<b>27.2 Movements in working capital</b>		
Movement in inventories	(297 572)	(200 898)
Movement in foreign currency translation	1 647	36 090
Movement in trade and other receivables	(26 402)	(133 212)
Movement in trade and other payables	(142 696)	(98 874)
Payments against short-term provisions (refer note 19)	(28 252)	(31 869)
	<b>(493 275)</b>	<b>(428 763)</b>
<b>27.3 Finance costs</b>		
Finance costs per income statement	33 391	61 152
Unwinding of discount on environmental obligations (refer note 16)	(1 307)	(1 263)
Accrual raised for preference share dividend included in finance costs	(11 364)	(13 069)
	<b>20 720</b>	<b>46 820</b>
<b>27.4 Taxation paid</b>		
Unpaid at beginning of year	(29 279)	(39 342)
Charged to the income statement	(102 293)	(240 486)
Movement in deferred taxation (refer note 24)	(61 781)	(1 516)
Unpaid at end of year	27 428	29 279
	<b>(165 925)</b>	<b>(252 065)</b>
<b>27.5 Dividends paid to shareholders of the holding company</b>		
Unpaid at beginning of year	(1 268)	(1 267)
Declared during the year (refer note 26)	(1 186 660)	(1 116 856)
Dividends attributable to treasury shares (refer note 26)	309 400	291 200
Unpaid at end of year included in other payables	2 451	1 268
	<b>(876 077)</b>	<b>(825 655)</b>

## 28 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

The boards of the individual companies in the group (boards) have overall responsibility for the establishment and oversight of the risk management framework. These boards have delegated these responsibilities to the group's Executive Committee, which is responsible for the development and monitoring of risk management within the group. This committee meets on an *ad hoc* basis and regularly reports to the respective boards on its activities. The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the group.

The roles and responsibilities of the Executive 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 monitored by the Assore Audit and Risk Committee.

### 28.1 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 which have a well-established credit history are allowed to transact on open account.

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 value of the financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all exposed financial assets held and recognised in the statement of financial position.

	2015 R'000	2014 R'000
Restricted cash	450 000	–
Cash resources	2 421 195	2 144 598
Trade receivables	294 724	224 315
– Local	24 168	5 189
– Foreign	270 556	219 126
Other receivables	115 601	159 608
	<b>3 281 520</b>	2 528 521

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

**28 FINANCIAL RISK MANAGEMENT (continued)****28.1 Credit risk (continued)**

Ageing of receivables

	<b>2015</b> <b>Carrying</b> <b>amount of</b> <b>receivables</b> <b>not impaired</b> <b>R'000</b>	2014 Carrying amount of receivables not impaired R'000
<b>Trade receivables</b>	<b>294 724</b>	224 315
Not past due, not impaired	<b>292 016</b>	218 262
Past due, not impaired as considered recoverable	<b>2 708</b>	6 053
<b>Other receivables</b>		
Not past due, not impaired	<b>115 601</b>	159 608
	<b>410 325</b>	383 923

**28.2 Liquidity risk**

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

Surplus funds are deposited in liquid assets (eg liquid money market accounts).

**Undrawn credit facilities**

In terms of the Memorandum of Incorporation (MoI) of the holding company, its borrowing powers are unlimited.

The holding company has facilities in place to issue letters of credit and bank guarantees where required and to ensure liquidity (refer note 32). Subsidiary company, Minerais U.S. LLC has a banking facility in place secured by a holding company guarantee, to finance its inventory and receivables, which bears interest at a rate linked to LIBOR. At year-end the facility was US dollar 100 million (2014: US dollar 70 million), of which US dollar 78 310 000 (2014: US dollar 50 906 000) was utilised.

## 28 FINANCIAL RISK MANAGEMENT (continued)

### 28.2 Liquidity risk (continued)

#### Exposure to liquidity risk

The following table indicates the anticipated timing of cash flows of the group's financial assets and liabilities, including contingent liabilities at year-end as determined by contractual maturity date including interest receipts and payments.

	Contractual maturity date					
	Carrying amount R'000	Total expected 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
<b>2015</b>						
<b>Financial assets</b>						
Investments <sup>#</sup>	281 780	281 780	–	–	–	281 780
Investment in associate	120 756	120 756	–	–	–	120 756
Trade and other receivables	410 325	410 325	410 325	–	–	–
Restricted cash	450 000	450 000	450 000	–	–	–
Cash resources	2 421 195	2 421 195	2 421 195	–	–	–
	<b>3 684 056</b>	<b>3 684 056</b>	<b>3 281 520</b>	<b>–</b>	<b>–</b>	<b>402 536</b>
<b>Financial liabilities</b>						
Preference shares issued	346 100	364 609	6 667	11 842	346 100	–
Trade and other payables	304 408	304 408	304 408	–	–	–
Overdrafts	960 866	960 866	960 866	–	–	–
Guarantees	205 530	205 530	205 530	–	–	–
	<b>1 816 904</b>	<b>1 835 413</b>	<b>1 477 471</b>	<b>11 842</b>	<b>346 100</b>	<b>–</b>
<b>2014</b>						
<b>Financial assets</b>						
Investments <sup>#</sup>	424 601	424 601	–	–	–	424 601
Trade and other receivables	383 923	383 923	383 923	–	–	–
Cash resources	2 144 598	2 144 598	2 144 598	–	–	–
	<b>2 953 122</b>	<b>2 953 122</b>	<b>2 528 521</b>	<b>–</b>	<b>–</b>	<b>424 601</b>
<b>Financial liabilities</b>						
Preference shares issued	346 100	370 878	12 157	12 621	346 100	–
Trade and other payables	447 104	447 104	447 104	–	–	–
Overdrafts	538 588	538 588	538 588	–	–	–
Guarantees	205 312	205 312	205 312	–	–	–
	<b>1 537 104</b>	<b>1 561 882</b>	<b>1 203 161</b>	<b>12 621</b>	<b>346 100</b>	<b>–</b>

<sup>#</sup> These investments do not have contractual maturities, but have been presented in the "more than five years" column as the entity does not intend to dispose of these investments within the next five years.

### 28.3 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 relevant entity. Information is submitted to members of 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 members of the Executive Committee on a weekly basis, and forecasts against budget are prepared for the entire group on a monthly basis.

#### 28.3.1 Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The group is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other banking facilities. There is no fair value interest rate risk, as there are no fixed rate financial instruments.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committees. Interest rates are monitored on an ongoing basis and the policy is to maintain short-term cash surpluses adequate to meet the group's ongoing cash flow requirements at floating rates of interest.



Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

**28 FINANCIAL RISK MANAGEMENT (continued)****28.3 Market risk (continued)****28.3.1 Interest rate risk (continued)**

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

	2015 R'000	2014 R'000
<b>Variable rate instruments</b>		
<b>Liabilities</b>		
Preference shares (included in long-term borrowings (refer note 14))	346 100	346 100
Overdrafts (refer note 20)	960 866	538 588
<b>Assets</b>		
Cash resources (refer note 9)	2 421 195	2 144 598

**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 applicable to variable rate instruments at the reporting date would have increased profit after tax by R4 011 000 (2014: R4 536 000). This assumes that all other variables remain constant. There is no impact on the group's equity. Net effect on profit or loss is equal but opposite for a 50 basis points decrease in interest rates on the variable instruments listed above.

**28.3.2 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 world prices for the commodities in which the group trades. 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 SA rand exchange rates may have a positive or negative impact on current or future earnings.

The group manages its commodity price risk, to which it is exposed through its investment in Assmang, by concluding supply contracts with certain customers for periods of up to three months. Contracts with other customers contain retrospective pricing arrangements which may impact the group either positively or negatively. With respect to its exposure to foreign currency fluctuations, the group constantly reviews the extent to which its foreign currency receivables are covered by forward exchange contracts, taking into account changes in operational forecasts and market conditions and the group's hedging policy (refer to forward exchange contracts and other commitments below).

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

	2015 R'000	2014 R'000
Foreign receivables included in trade receivables		
– US dollar	275 312	219 126
Foreign overdraft facility		
– Overdrafts	960 866	538 588
<b>Total exposure</b>		
A 5% strengthening of the rand against the above currencies would have decreased profit after taxation by R44 502 000 (2014: R27 326 000) as a result of revaluation of foreign denominated balances. A 5% weakening of the rand against the abovementioned currencies would have had an equal but opposite effect on profit after taxation, on the basis that all other variables remained constant.		

## 28 FINANCIAL RISK MANAGEMENT (continued)

### 28.3 Market risk (continued)

#### Forward exchange contracts and other commitments

The group undertakes economic hedging of receivables denominated in US dollars at times when the rand/US dollar exchange rate appears volatile. The level of exposure on these limited hedging activities did not exceed US dollar 100 (2014: US dollar 70) million at any stage during the year.

A foreign subsidiary had forward commitments with regard to its inventory of ores, alloys and metals, which for accounting purposes are regarded as executory contracts and are therefore not included in the statement of financial position, but can be summarised as follows:

	2015		2014	
	Foreign currency notional amount USD'000	Presentation currency notional amount R'000	Foreign currency notional amount USD'000	Presentation currency notional amount R'000
<b>Purchase contracts</b>				
US dollar	11 300	138 669	31 800	336 485
<b>Sales contracts</b>				
US dollar	20 200	247 886	75 100	794 656

#### Equity price risk

The value of the group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investments concerned. The group manages the equity price risk through monitoring developments in the mining and metal industries and the executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R234,0 million (2014: R378,0 million). A decrease of 1% on the relevant market index would have an impact of approximately R2,3 million (2014: R3,8 million) on other comprehensive income attributable to the group, depending on whether or not the decline is significant or prolonged. An increase of 1% in the value of the listed investments would only impact other comprehensive income, but would not have an effect on profit and loss.

## 29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The categorisation of each class of financial asset and liability in terms of IAS 39 *Financial Instruments: Recognition and Measurements* is included below:

	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
<b>2015</b>				
<b>Financial assets</b>				
Investments	281 780	–		281 780
Trade and other receivables	–	410 325		410 325
Restricted cash	–	450 000		450 000
Cash resources	–	2 421 195		2 421 195
	281 780	3 281 520		3 563 300
<b>Financial liabilities</b>				
Interest-bearing borrowings			346 100	346 100
Trade and other payables			304 408	304 408
Overdrafts			960 866	960 866
			1 611 374	1 611 374

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

## 29 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Available- for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
<b>2014</b>				
<b>Financial assets</b>				
Investments	424 601	–		424 601
Trade and other receivables	–	383 923		383 923
Cash resources	–	2 144 598		2 144 598
	<b>424 601</b>	<b>2 528 521</b>		<b>2 953 122</b>
<b>Financial liabilities</b>				
Interest-bearing borrowings			346 100	346 100
Trade and other payables			447 104	447 104
Overdrafts			538 588	538 588
			<b>1 331 792</b>	<b>1 331 792</b>

**Determination of fair values**

Available-for-sale instruments are valued using quoted market prices. The values of other investments and forward exchange contracts are determined using directly observable inputs. The carrying amounts of all other financial assets and liabilities approximate their fair values.

**Fair value hierarchy**

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments:

Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;

Level 2: valuation techniques using inputs, which are directly or indirectly observable; and

Level 3: valuations based on data that is not observable (not applicable to the group).

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value. The following assets, all measured at level 1, were required to be recorded at fair value as follows:

	2015 R'000	2014 R'000
<b>Recurring fair value measurements</b>		
<b>Assets measured at fair value</b>		
Available-for-sale investments	233 972	377 988
Other investments*	47 808	46 613
	<b>281 780</b>	<b>424 601</b>

\* During the year ended 30 June 2014, "Other investments" were transferred from Level 2 to Level 1, due to the fact the fair value is determined using the quoted unit price of the fund in which the group has invested. The fund's units have been reassessed as trading in an active market.

### 30 CAPITAL MANAGEMENT

The board's policy regarding capital management is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise total equity and borrowing facilities. 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.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices and the rate at which the rights are being mined. Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure as far as possible that the deposit can be mined on a sustainable basis to the end of its estimated life.

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

### 31 COMMITMENTS

At year-end the group had the following commitments:

	2015 R'000	2014 R'000
<b>Capital</b>		
Expenditure authorised and contracted for	3 926	58 886
Expenditure authorised but not contracted for	27 562	57 370
	<b>31 488</b>	116 256
<b>Operating lease commitments</b>		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	1 140	940
After one year but not more than five years	1 500	2 245
The group's commitments will be met by future anticipated cash flows	<b>2 640</b>	3 185

### 32 CONTINGENT LIABILITIES

#### Holding company

Maximum<sup>#</sup> amount in addition to the R450 million in restricted cash payable for the acquisition of Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 8)

Guarantees issued to bankers to secure short-term export finance\*

Guarantees issued to the Department of Mineral Resources for rehabilitation required on the group's mines

Performance guarantees issued to third parties by subsidiary companies

<b>800 000</b>	–
<b>180 000</b>	180 000
<b>21 160</b>	21 160
<b>4 370</b>	4 152
<b>1 005 530</b>	205 312

<sup>#</sup> In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore has agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014. This amount will be decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent (CPS) are met in order for the transaction to be completed.

\* 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.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

**33 SEGMENTAL INFORMATION**

The following segments are separately monitored by management and form the group's reportable segments:

**Joint venture mining and beneficiation**

Assore's principal investment is its 50% share in Assmang.

Assmang's operations are managed by commodity mined and, where applicable, beneficiated at various works operations. Accordingly, this segment is further analysed as follows:

- ▶ Iron ore (Iron ore division);
- ▶ Manganese ore and alloys (Manganese division); and
- ▶ Chrome ore (Chrome division).

For purposes of presenting segmental information, disclosure is made of the entire value of the information pertaining to Assmang, with the portion attributable to the other joint venture partner (50%) deducted as part of the consolidation adjustments.

**Marketing, shipping and other services**

In terms of the joint venture arrangement with Assmang, Assore and certain of its subsidiary companies are responsible for the marketing and shipping of Assmang's product. In addition, another subsidiary provides consulting and engineering expertise to Assmang and other group companies.

**Other mining and beneficiation**

This segment contains the chrome operations managed by Rustenburg Minerals and Zeerust, as well as the pyrophyllite and ceramic operations managed by Wonderstone.

R'000	Joint venture mining and beneficiation			Sub-total	Marketing, shipping and other services	Other mining and beneficiation	Adjustments arising on consolidation	Total attributable to Assore group
	Iron ore division	Manganese division	Chrome division					
<b>Year to 30 June 2015</b>								
Revenues								
Third party	12 622 422	7 152 284	1 798 712	21 573 418	3 007 156	350 141	(21 573 418)	3 357 297
Inter-segment	-	-	-	-	5 101	-	(5 101)	
Total revenues	12 622 422	7 152 284	1 798 712	21 573 418	3 012 257	350 161	(21 578 539)	3 357 297
Contribution to profit/(loss)	2 381 257	94 165	183 802	2 659 224	197 485	(222 986)	(2 659 224)	(25 501)
Contribution to headline earnings	2 495 430	577 496	183 802	3 256 728	290 436	57 551	(1 628 364)	1 976 351
Impairment of financial and non-financial assets	(147 114)	(665 262)	-	(812 376)	(114 258)	(365 073)	406 188	(885 519)
<b>Statement of financial position</b>								
Consolidated total assets	25 563 489	11 274 011	1 344 122	38 181 622	4 806 946	384 887	(23 844 294)	19 529 161
<b>Other information</b>								
Finance income	411 967	9 696	1 461	423 124	155 342	2 916	(423 124)	158 258
Finance costs	27 453	27 703	2 375	57 531	28 832	4 559	(57 531)	33 391
Depreciation and amortisation	1 421 457	421 506	91 414	1 934 377	16 683	17 603	(1 934 377)	34 286
Impairment charges	147 114	665 262	-	812 376	114 258	365 073	(406 188)	885 519
Taxation	939 881	27 503	79 298	1 046 682	135 737	(33 444)	(1 046 682)	102 293
Capital expenditure	6 116 917	2 371 568	763 440	9 251 925	7 919	83 245	(9 251 925)	91 164

### 33 SEGMENTAL INFORMATION (continued)

#### Joint venture mining and beneficiation (continued)

R'000	Joint venture mining and beneficiation				Marketing, shipping and other services	Other mining and beneficiation	Adjustments arising on consolidation	Total attributable to Assore group
	Iron ore division	Manganese division	Chrome division	Sub-total				
<b>Year to 30 June 2014</b>								
Revenues								
Third party	18 101 329	8 309 121	1 609 868	28 020 318	2 541 872	352 724	(28 020 318)	2 894 596
Inter-segment	–	–	–	–	6 479	–	(6 479)	–
Total revenues	18 101 329	8 309 121	1 609 868	28 020 318	2 548 351	352 724	(28 026 797)	2 894 596
Contribution to profit	6 357 416	684 025	127 817	7 169 258	504 298	(46 731)	(7 169 258)	457 567
Contribution to headline earnings	6 356 772	1 058 543	127 817	7 543 132	504 915	(30 570)	(3 787 587)	4 229 890
Impairment of financial and non-financial assets	–	(519 880)	–	(519 880)	(26 327)	(16 982)	259 940	(303 249)*
<b>Statement of financial position</b>								
Consolidated total assets	26 145 486	11 246 592	1 027 161	38 419 239	3 614 501	574 976	(23 651 070)	18 957 646
<b>Other information</b>								
Finance income	427 905	14 538	2 055	444 498	108 963	3 823	(444 498)	112 786
Finance costs	21 304	30 028	2 352	53 684	57 678	3 474	(53 684)	61 152
Depreciation and amortisation	1 295 835	454 281	75 668	1 825 784	16 863	17 603	(1 825 784)	34 466
Impairment charges	–	519 880	–	519 880	–	16 982	(519 880)	16 982
Taxation	2 382 811	307 279	32 665	2 722 755	202 382	38 104	(2 722 755)	240 486
Capital expenditure	2 058 487	1 340 617	244 039	3 643 143	17 513	76 157	(3 643 143)	93 670

\*Impairment per segment has been disclosed separately in the current year, comparatives have been included accordingly.

#### Geographical information

Geographical segment by location of customers

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

	2015			2014		
	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000
<b>Customers by locations</b>						
Far East	11 467 272	10 744	11 478 016	19 925 709	13 830	19 939 539
Europe	3 635 509	3 889	3 639 398	2 648 530	4 700	2 653 230
USA	1 086 620	2 232 641	3 319 261	1 294 510	1 487 697	2 782 207
South Africa	3 386 259	1 109 557	4 043 876	822 877	1 387 419	2 210 296
Other – foreign	1 997 758	466	1 998 244	3 328 692	950	3 329 642
Total	21 573 418	3 357 297	24 478 795	28 020 318	2 894 596	30 914 914

Notes:

- There are no customers whose off-take represents more than 10% of revenue (one customer in 2014: R2,8 billion).
- The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

**34 RELATED-PARTY TRANSACTIONS**

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties and the following entities were identified as related parties to the group:

		<b>2015 R'000</b>	2014 R'000
African Mining and Trust Company Limited (AMT)	Subsidiary company		
African Rainbow Minerals Limited (ARM)	Joint-venture partner		
Assmang Proprietary Limited (Assmang)	Joint-venture entity		
IronRidge Resources Limited (IronRidge)	Associate		
Minerais U.S. LLC (shareholding: 51% (2014: 51%) (Minerais))	Subsidiary company		
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company		
Oresteel Investments Proprietary Limited (Oresteel)	Ultimate holding company		
Rustenburg Minerals Development Company Proprietary Limited (shareholding: 56% (2014: 56%) (Rustenburg Minerals))	Subsidiary company		
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company		
<b>34.1 Details of transactions with related parties</b>			
<b>Significant related-party transactions occurred during the year:</b>			
AMT	Commissions received from Assmang	<b>291 573</b>	430 092
	Management fees paid by Assmang	<b>220 613</b>	290 197
Minerais U.S. LLC	Commissions received from Assmang	<b>32 117</b>	33 010
Ore & Metal	Commissions received from Assmang	<b>351 869</b>	495 968
Sumitomo	Commissions paid by Ore & Metal	<b>225 498</b>	336 270
Key management personnel – holding company – subsidiary companies	Directors' fees	<b>1 938</b>	1 440
	Remuneration (including executive directors)	<b>132 598</b>	135 443
	Post-employment benefits	<b>8 932</b>	10 843
<b>Amount payable to/receivable from related parties at end of year</b>			
ARM	Amounts receivable from Ore & Metal	<b>13 556</b>	1 614
Assmang	Amounts receivable from Ore & Metal	<b>212 311</b>	168 338
Minerais	Amounts receivable from Ore & Metal	<b>14 402</b>	70 279
Ore & Metal	Amounts payable to Assmang	<b>99 844</b>	183 913
Sumitomo	Amounts payable to Ore & Metal	<b>125 419</b>	155 495

**34 RELATED-PARTY TRANSACTIONS (continued)****34.2 Subsidiary with a material non-controlling interest**

Rustenburg Mineral Development Company Proprietary Limited (Rustenburg Minerals), the principal business of which is mining and beneficiation of chrome ores in the vicinity of Rustenburg (refer page 3) is a subsidiary of AMT. The group holds a 56% (2014: 56%) interest in Rustenburg Minerals.

	2015 R'000	2014 R'000
<b>Abridged income statement of Rustenburg Minerals</b>		
Turnover	158 689	215 362
(Loss)/profit before taxation	(363 942)	9 027
Taxation	42 989	4 967
Total comprehensive (loss)/income (group interest therein 56% (2014: 56%))	(320 953)	13 994
<b>Abridged statement of financial position of Rustenburg Minerals</b>		
<b>Total assets</b>		
Non-current assets	39 777	325 908
Current assets		
Inventories	13 879	11 822
Trade and other receivables	6 770	15 833
Cash resources	791	4 330
	61 217	357 893
<b>Total liabilities</b>		
Non-current liabilities		
Deferred taxation	–	42 989
Long-term provisions	18 072	12 713
Loans from group companies	129 792	56 818
Current liabilities		
Short-term provisions	7 680	24 530
Trade and other payables	22 483	16 699
	178 027	153 749
Net (liabilities)/assets	(116 810)	204 144
Proportion of the group's ownership (%)	56,0	56,0
Accumulated non-controlling interest (at 44,0%)	(51 396)	89 823



Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

**35 RETIREMENT BENEFIT INFORMATION****35.1 Pensions**

Assore is a holding company which operates through its various subsidiary and associate companies and, as such, does not have any employees.

All subsidiary companies provide retirement benefits through either a defined contribution fund (termed "umbrella fund") or a defined benefit fund.

**Defined contribution fund**

The group and employees contribute 10% and 5% of pensionable salary respectively to the umbrella fund. Contributions to the fund amounted to R4,9 million (2014: R3,7 million) and the value of the fund at year-end amounted to R26,2 million (2014: R22,5 million).

**Defined benefit fund – Assore Pension Fund**

In terms of the Pension Funds Act, the Assore Pension Fund is actuarially valued every three years. The most recently completed statutory actuarial valuation was performed as at 1 July 2015 and revealed a 111,8% funding level. An interim check was performed for funding purposes as at 1 July 2014, which revealed a 112,9% funding level (2014: 113,3%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2015 R'000	2014 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	428 273	365 007
Current service costs	34 813	30 749
Interest cost	39 010	34 111
Actuarial gain – experience	(1 381)	(5 624)
Actuarial (gain)/loss – assumptions	(14 067)	24 288
Benefits paid	(10 346)	(20 258)
<b>Benefit obligation at end of year</b>	<b>476 302</b>	<b>428 273</b>
Change in plan assets		
Fair value of plan assets at beginning of year	485 246	377 322
Expected return on plan assets	45 261	32 500
Actuarial (gain)/loss on plan assets – experience and assumptions	(19 233)	69 742
Employer contribution	24 502	18 257
Employees' contributions	8 346	7 683
Benefits paid	(10 346)	(20 258)
<b>Fair value of plan assets at end of year</b>	<b>533 776</b>	<b>485 246</b>
<b>Net surplus at year-end per statement of financial position</b>	<b>57 474</b>	<b>56 973</b>
<b>Components of periodic expense</b>		
Current service costs	34 813	30 749
Interest cost	39 010	34 111
Expected return on plan assets	(45 261)	(32 500)
<b>Net pension cost for the year</b>	<b>28 562</b>	<b>32 360</b>
Plan assets invested as follows:	%	%
Local and offshore equity securities	70	70
Local and offshore debt securities	23	15
Property	1	1
Other (cash, cash awaiting investment, bank account)	6	14
	<b>100</b>	<b>100</b>

**35 RETIREMENT BENEFIT INFORMATION (continued)****35.1 Pensions (continued)**

	2015 R'000	2014 R'000*
The maturity profile of the benefit obligation at end of year is as follows:		
Due within one year	44 227	23 857
Due within two years	19 394	26 345
Due within three years	57 694	17 025
Due within four years	21 858	51 014
Due within five years	26 479	19 113
Due between six and 10 years	81 216	84 389
Due thereafter	225 434	206 530
	<b>476 302</b>	428 273
Actual return on assets for the year comprises:	<b>26 028</b>	102 242
– expected return on plan assets for the year	<b>45 261</b>	32 500
– actuarial (losses)/gains on plan assets	<b>(19 233)</b>	69 742
Expected contribution next year	<b>39 417</b>	37 975
<b>Actuarial assumptions</b>	%	%
The above valuations are based on the following principal actuarial assumptions:		
Expected return on plan assets	<b>8,80</b>	9,00
Post-retirement interest rate	<b>3,60</b>	3,60
Price inflation rate	<b>6,90</b>	7,20
Salary inflation rate	<b>7,90</b>	8,20
Pension increases	<b>5,20</b>	5,40

**Other assumptions**

Mortality rate for members still in service assumed at zero.

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

Merit salary increases 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.

Set out below is a quantitative sensitivity analysis on the principal assumptions referred to above:

2015	Interest		Post retirement		Price inflation		Salary escalation		Pension increases	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Assumptions										
Impact on defined benefit obligation	(43 629)	57 323	(32 899)	62 159	97 512	(61 703)	45 920	(38 136)	63 552	(34 477)
2014*	Interest		Post retirement		Price inflation		Salary escalation		Pension increases	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(47 013)	63 102	(37 844)	58 210	78 179	(58 232)	49 525	(40 944)	55 546	(33 243)

\* The maturity profile and the impact of changes to assumptions have been restated for the prior year to be actuarially consistent with the calculation methodology adopted in the current year.

# Company statement of financial position

AS AT 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in group companies	1	470 592	470 592
Available-for-sale investments	2	234 097	378 113
Investment in associate	3	121 953	–
Loans to group companies	1	4 680 891	4 781 805
Deferred taxation	4	16 000	–
		<b>5 523 533</b>	5 630 510
<b>Current assets</b>			
Other receivables		312 404	214 636
Restricted cash	5	450 000	–
Cash resources	6	698 125	657 404
		<b>1 460 529</b>	872 040
		<b>6 984 062</b>	6 502 550
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	698	698
Share premium	8	264 092	264 092
Retained earnings		5 233 681	4 712 660
Other reserves	9	44 572	68 781
		<b>5 543 043</b>	5 046 231
<b>Non-current liabilities</b>			
Loans from group companies	1	1 078 041	1 078 041
Long-term borrowings	10	346 100	346 100
Deferred taxation	4	–	10 857
		<b>1 424 141</b>	1 434 998
<b>Current liabilities</b>			
Other payables		15 923	17 042
Taxation		955	4 279
		<b>16 878</b>	21 321
		<b>6 984 062</b>	6 502 550
<b>Total equity and liabilities</b>			

# Company income statement

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Revenue</b>			
Income from investments	11	1 845 328	2 062 588
Administrative expenses		(8 170)	(4 699)
Impairment of available-for-sale investments to below original cost		(114 258)	(26 327)
Finance costs		(22 827)	(54 181)
<b>Profit before taxation</b>	12	1 700 073	1 977 381
Taxation credit/(charge)	13	7 608	(10 850)
<b>Profit for the year</b>		1 707 681	1 966 531

# Company statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>Profit for the year (as above)</b>	1 707 681	1 966 531
Items that may be reclassified into the income statement dependent on the outcome of a future event	(24 209)	52 032
(Loss)/gain on revaluation to market value of available-for-sale listed investments, after taxation	(24 209)	52 032
(Loss down to original cost)/gain on revaluation to market value of available-for-sale listed investments (refer note 2)	(29 758)	59 050
Deferred capital gains tax thereon (refer note 4)	5 549	(7 018)
<b>Total comprehensive income for the year, net of taxation</b>	1 683 472	2 018 563

# Company statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Cash retained from operating activities</b>		<b>511 760</b>	820 139
Net cash generated from operating activities		<b>1 677 864</b>	1 964 485
Cash utilised in operations	15.1	<b>(8 170)</b>	(4 699)
Investment income	15.2	<b>1 786 104</b>	2 022 813
Movements in working capital	15.3	<b>(100 070)</b>	(53 629)
Interest income		<b>59 224</b>	39 775
Finance costs		<b>(22 827)</b>	(54 181)
Taxation paid	15.4	<b>(17 024)</b>	(13 085)
Dividends paid	15.5	<b>(1 185 477)</b>	(1 116 855)
<b>Cash utilised in investing activities</b>		<b>(571 953)</b>	(161 926)
Acquisition of available-for-sale listed investments	2	–	(161 926)
Acquisition of interest in associate	3	<b>(121 953)</b>	–
Acquisition of remaining 50% of Dwarsrivier Chrome Mine	5	<b>(450 000)</b>	–
<b>Cash generated from/(utilised in) financing activities</b>		<b>100 914</b>	(410 699)
Preference shares redeemed	10	–	(500 000)
Redemption of intercompany loan balances		<b>100 914</b>	89 301
<b>Cash resources</b>			
– increase for the year		<b>40 721</b>	247 514
– at beginning of year		<b>657 404</b>	409 890
– at end of year	6	<b>698 125</b>	657 404

# Company statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 R'000	2014 R'000
<b>Share capital</b>			
Balance at beginning and end of year	7	698	698
<b>Share premium</b>			
Balance at beginning and end of year	8	264 092	264 092
<b>Other reserves</b>			
Balance at beginning of year		68 781	16 749
Other comprehensive (loss)/income		(24 209)	52 032
Balance at end of year	9	44 572	68 781
<b>Retained earnings</b>			
Balance at beginning of year		4 712 660	3 862 985
Profit for the year		1 707 681	1 966 531
Ordinary dividends declared during the year			
Final dividend No 115 of 550 cents (2014: 350 cents) per share – declared on 3 September 2014	14	(767 839)	(488 624)
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	14	(418 821)	(628 232)
Balance at end of year		5 233 681	4 712 660
Share capital and reserves at year-end per statement of financial position		5 543 043	5 046 231

# Notes to the company financial statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>1 INVESTMENT IN GROUP COMPANIES</b>		
Joint venture entity (refer below)	468 153	468 153
Subsidiary companies (refer below)	2 439	2 439
	<b>470 592</b>	470 592
<b>Investment in joint venture entity</b>		
Assmang Proprietary Limited (Assmang)		
1 774 103 (2014: 1 774 103) ordinary shares at cost	468 153	468 153
<b>Investment in subsidiary companies (refer to note 16)</b>		
Shares at cost	2 439	2 439
<b>Amounts due by/(to) subsidiary companies</b>		
Loan accounts receivable	4 680 891	4 781 805
Loan accounts payable	(1 078 041)	(1 078 041)
Per note 16	<b>3 602 850</b>	3 703 764
Loan accounts receivable include cumulative redeemable preference shares in the amount of R4 086 906 000 (2014: R4 782 838 000), issued to structured entities (SEs), recognised as subsidiary companies, which have dividend rates of 75% (2014: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited (SBSA), and have no fixed terms of redemption. The remainder of the loan accounts receivable and all loan accounts payable are interest-free with no fixed terms of repayment.		
Accrued preference dividends from SEs	<b>306 295</b>	214 636
<b>2 AVAILABLE-FOR-SALE INVESTMENTS</b>		
Listed – at market value		
– balance at beginning of year	377 988	178 430
– purchases at cost	–	161 926
– impairment of carrying value below original cost	(114 258)	(26 327) <sup>#</sup>
– fair value adjustment at year-end	(29 758)	63 959 <sup>#</sup>
	<b>233 972</b>	377 988
Unlisted – at cost	125	125
	<b>234 097</b>	378 113
Listed – at cost	179 182	293 440
Cumulative fair value adjustment included in other reserves (refer note 9)	54 790	84 548
As above	<b>233 972</b>	377 988
<sup>#</sup> Fair value adjustments have been restated to show impairment below original cost separately.		
<b>3 INVESTMENT IN ASSOCIATE</b>		
At cost	<b>121 953</b>	–
On 2 December 2014, the company subscribed for a stake of 30,3% in IronRidge Resources Limited (IronRidge), against which it was awarded a stake of 29,9% upon its admission to the Alternative Investment Market (AIM) on the London Stock Exchange on 12 February 2015.		
IronRidge is registered in Australia and is an emerging regional iron ore explorer with two exploration projects in the Nyanga and Ogooue-Ivindo provinces of Gabon and a titanium and bauxite project in the state of Queensland, Australia.		

	2015 R'000	2014 R'000
<b>4 DEFERRED TAXATION ASSETS/(LIABILITIES)</b>		
Balance at beginning of year	(10 857)	(3 839)
Arising from temporary differences charged to income statement		
– revaluation of available-for-sale listed investment below original cost	21 308	4 910
Arising from temporary differences charged to other comprehensive income		
– revaluation of available-for-sale listed investment at year end	5 549	(11 928)
Balance at end of year	<b>16 000</b>	(10 857)
<b>5 RESTRICTED CASH</b>		
On 25 June 2015, the company acquired ARM's 50% of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction is subject to certain conditions precedent (CPs), the most significant of which is the approval by the Department of Mineral Resources (DMR) of the transfer of Dwarsrivier's mineral rights from Assmang to a company which will be called Dwarsrivier Chrome Mine Proprietary Limited, and which will be a wholly owned subsidiary of Assore. This approval is required in terms of the Mineral Resources and Petroleum Development Act. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account. Once the CPs have been met, the balance (inclusive of accrued interest and certain contractual adjustments to accommodate the change in value of the asset since 1 July 2014 (effective date of acquisition)) will be released in favour of ARM (refer note 20).		
	<b>450 000</b>	–
<i>Refer note 1 to the consolidated financial statements for impact of resultant discontinued operation in Assmang.</i>		
<b>6 CASH RESOURCES</b>		
Cash on deposit	698 087	657 359
Current account	38	45
	<b>698 125</b>	657 404
<b>7 SHARE CAPITAL</b>		
<b>Authorised</b>		
200 000 000 (2014: 200 000 000) ordinary shares of 0,5 cents each	1 000	1 000
<b>Issued</b>		
Balance at end of year (139 607 000 (2014: 139 607 000) ordinary shares of 0,5 cents each)	698	698
<b>8 SHARE PREMIUM</b>		
Balance at end of year	264 092	264 092
<b>9 OTHER RESERVES</b>		
Surplus arising on the revaluation of available-for-sale listed investments to market value at year-end		
Gross fair value adjustment at year-end (refer note 2)	54 790	84 548
Less: Deferred capital gains taxation thereon	(10 218)	(15 767)
	<b>44 572</b>	68 781



Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>10 LONG-TERM BORROWINGS</b>		
3 461 (2014: 3 461) unsecured redeemable preference shares of R100 000 each issued to the SBSA		
Unredeemed at beginning of year	<b>346 100</b>	846 100
Voluntary redemption in prior year:		
24 March 2014 – 5 000 shares	–	(500 000)
Balance to be redeemed by latest 24 February 2017	<b>346 100</b>	346 100
Dividends paid on the preference shares during the year were as follows:		
On 6 October 2014 (2014: 7 October 2013)	<b>11 304</b>	27 859
On 2 April 2015 (2014: 7 April 2014)	<b>11 023</b>	11 196
On 5 March 2014, upon voluntary redemption of 5 000 shares	–	15 126
	<b>22 327</b>	54 181
Dividends are payable half-yearly calculated at 75% of the prime lending rate.		
<b>11 REVENUE</b>		
Revenue comprises:		
Dividends received	<b>1 786 104</b>	2 022 813
Interest received	<b>59 224</b>	39 775
	<b>1 845 328</b>	2 062 588
<b>12 PROFIT BEFORE TAXATION</b>		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
<b>Income</b>		
Dividends received	<b>1 786 104</b>	2 022 813
Ordinary dividends		
– joint-venture entity	<b>1 500 000</b>	1 750 000
– available-for-sale investments		
– listed	<b>18 746</b>	16 546
– unlisted	<b>18</b>	15
Preference dividends		
– Main Street 350 Proprietary Limited (RF)	<b>55 706</b>	60 350
– Main Street 904 Proprietary Limited (RF)	<b>211 634</b>	195 902
Interest received	<b>59 224</b>	39 775
<b>Expenditure</b>		
Directors' remuneration	<b>63 866</b>	63 823
– directors' fees	<b>1 938</b>	1 634
– other services paid by subsidiary companies	<b>61 928</b>	62 189

	2015 R'000	2014 R'000
<b>13 TAXATION</b>		
South African normal tax		
– current year	15 916	11 678
– (over)/under provision relating to prior year	(2 216)	2 832
Deferred taxation		
– reversal of temporary differences in current year (refer note 4)	(21 308)	(4 910)
Securities transfer taxation on redemption of preference shares	–	1 250
	<b>(7 608)</b>	10 850
<b>Reconciliation of (credit)/charge as percentage of profit before taxation</b>	%	%
Statutory tax rate	28,00	28,00
Adjusted for:		
(Over)/underprovision relating to prior year	(0,13)	0,14
Dividend income	(29,42)	(28,64)
Disallowable expenditure	1,10	1,17
Securities transfer taxation on redemption of preference shares	–	0,06
Other	–	(0,18)
Effective tax rate	<b>(0,45)</b>	0,55
<b>14 DIVIDENDS</b>		
<b>Dividends declared during the year</b>		
Final dividend No 115 of 550 cents (2014: 350 cents) per share – declared on 3 September 2014	767 839	488 624
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	418 821	628 232
	<b>1 186 660</b>	1 116 856
Per share (cents)	<b>850</b>	800
<b>Dividends relating to the activities of the group for the year under review</b>		
Interim dividend No 116 of 300 cents (2014: 450 cents) per share – declared on 10 February 2015	418 821	628 232
Final dividend No 117 of 300 cents (2014: 550 cents) per share – declared on 26 August 2015	418 821	767 839
	<b>837 642</b>	1 396 071
Per share (cents)	<b>600</b>	1 000

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>15 NOTES TO THE STATEMENT OF CASH FLOW</b>		
<b>15.1 Cash utilised in operations</b>		
Profit before taxation	1 700 073	1 977 381
Adjusted for:	(1 708 243)	(1 982 080)
– Dividends received	(1 786 104)	(2 022 813)
– Interest received	(59 224)	(39 775)
– Impairment of financial assets to below original cost	114 258	26 327
– Finance costs	22 827	54 181
	<b>(8 170)</b>	<b>(4 699)</b>
<b>15.2 Investment income</b>		
Dividends received	1 786 104	2 022 813
<b>15.3 Movements in working capital</b>		
Movement in other receivables	(97 768)	(56 324)
Movement in other payables (including dividend accrual)	(2 302)	2 695
	<b>(100 070)</b>	<b>(53 629)</b>
<b>15.4 Taxation paid</b>		
Unpaid at beginning of year	(4 279)	(1 604)
Credited/(charged) to the income statement	7 608	(10 850)
Movement in deferred taxation (refer note 13)	(21 308)	(4 910)
Unpaid at end of year	955	4 279
	<b>(17 024)</b>	<b>(13 085)</b>
<b>15.5 Dividends paid</b>		
Unpaid at beginning of year	(1 268)	(1 267)
Declared during the year (refer note 14)	(1 186 660)	(1 116 856)
Unpaid at end of year	2 451	1 268
	<b>(1 185 477)</b>	<b>(1 116 855)</b>

	Issued share capital 2015/2014 R	Interest in share capital 2015/2014 %	Shares at cost 2015 R'000	Shares at cost 2014 R'000	Amounts due from/(to) subsidiary companies 2015 R'000	Amounts due from/(to) subsidiary companies 2014 R'000
<b>16 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES</b>						
<b>Ordinary shares</b>						
<b>Incorporated in South Africa</b>						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	(1 436)	(2 756)
Ceramox Proprietary Limited <sup>(D)</sup>	100	100	1 124	1 124	-	-
Erf 1263 Parkview Extension 1 Proprietary Limited	1	100	-	-	-	-
Erven 27 and 28 Illovo Proprietary Limited	100	100	-	-	-	-
Erven 40 and 41 Illovo Proprietary Limited	100	100	-	-	-	-
General Nominees Proprietary Limited <sup>(D)</sup>	4	100	-	-	-	-
Groupline Projects Proprietary Limited <sup>(D)</sup>	100	100	36 228	36 228	-	-
Icermax Proprietary Limited	800	51	-#	-#	-	-
Main Street 350 Proprietary Limited (RF)	99	49	-#	-#	1 832 213	1 934 299
Main Street 460 Proprietary Limited (RF)	-	-	-	-	41	220
Main Street 904 Proprietary Limited (RF)	28 500	-	-	-	2 850 031	2 850 000
Minerais Holdings Proprietary Limited	100	100	10 887	10 887	42	42
Ore & Metal Company Limited	100 000	100	105	105	(1 078 041)	(1 078 041)
Rustenburg Minerals Development Company Proprietary Limited	232 143	56	232 143	232 143	-	-
Wonderstone Limited	10 000	100	10	10	-	-
Wonderstone 1937 Limited <sup>(D)</sup>	45 940	100	35	35	-	-
Xertech Proprietary Limited	100	100	-	-	-	-
Zeerust Chrome Mines Limited	1 300 000	100	1 114	1 114	-	-
<b>Incorporated in Namibia</b>						
Krantzberg Mines Limited	500 000	100	-	-	-	-
<b>Incorporated in United States of America</b>						
Minerais U.S. LLC	17 756 100	51	11 418	11 418	-	-
			<b>294 264</b>	294 264	<b>3 602 850</b>	3 703 764
Less – held indirectly			<b>(290 711)</b>	(290 711)	-	-
– provided against			<b>(1 114)</b>	(1 114)	-	-
Per note 1			<b>2 439</b>	2 439	<b>3 602 850</b>	3 703 764
<sup>(D)</sup> Dormant companies						
<sup>#</sup> Represents investments of less than R1 000						

# Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

## 17 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 risk management policies within the company. 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 Executive Committee in this regard 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 the treasury policy; and
- approval of long-term funding requirements.

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

### 17.1 Credit risk – exposure and concentration

The carrying value of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all exposed non-derivative financial assets held recognised in the statement of financial position:

	2015 R'000	2014 R'000
Loans to group companies (refer note 1)	4 680 891	4 781 805
Other receivables – local	312 404	214 636
Restricted cash (refer note 5)	450 000	–
Cash resources	698 125	657 404

## 17 FINANCIAL RISK MANAGEMENT (continued)

### 17.2 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 such as negotiable certificates of deposit and call deposits.

The borrowing capacity of the company is determined by its Memorandum of Incorporation (MOI) in terms of which there is no restrictions imposed on the borrowing powers.

#### Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities at year-end as determined by contractual maturity date including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

	Contractual maturity date					
	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
<b>2015</b>						
<b>Financial assets</b>						
Investment in group companies <sup>#</sup>	470 592	470 592	–	–	–	470 592
Available-for-sale investments <sup>#</sup>	234 097	234 097	–	–	–	234 097
Investment in associate <sup>#</sup>	121 953	121 953	–	–	–	121 953
Loans to group companies <sup>#</sup>	4 680 891	6 481 360	88 400	1 712 069	–	4 680 891
Other receivables	312 404	312 404	312 404	–	–	–
Restricted cash (refer note 10)	450 000	450 000	450 000	–	–	–
Cash resources	698 125	698 125	698 125	–	–	–
	<b>6 968 062</b>	<b>8 768 531</b>	<b>1 548 929</b>	<b>1 712 069</b>	<b>–</b>	<b>5 507 533</b>
<b>Financial liabilities</b>						
Loans from group companies	1 078 041	1 078 041	–	1 078 041	–	–
Preference shares issued	346 100	364 609	6 667	11 842	346 100	–
Other payables	15 923	15 923	15 923	–	–	–
Guarantees	–	–	–	–	–	–
	<b>1 440 064</b>	<b>1 458 573</b>	<b>22 590</b>	<b>1 089 883</b>	<b>346 100</b>	<b>–</b>
<b>2014</b>						
<b>Financial assets</b>						
Investment in group companies <sup>#</sup>	470 592	470 592	–	–	–	470 592
Available-for-sale investments <sup>#</sup>	378 113	378 113	–	–	–	378 113
Loans to group companies <sup>#</sup>	4 781 805	6 793 217	71 709	1 939 703	–	4 781 805
Other receivables	214 636	214 636	214 636	–	–	–
Cash resources	657 404	657 404	657 404	–	–	–
	<b>6 502 550</b>	<b>8 513 962</b>	<b>943 749</b>	<b>1 939 703</b>	<b>–</b>	<b>5 630 510</b>
<b>Financial liabilities</b>						
Loans from group companies	1 078 041	1 078 041	–	1 078 041	–	–
Preference shares issued	346 100	370 878	12 157	12 621	346 100	–
Other payables	17 042	17 042	17 042	–	–	–
Guarantees	740 691	740 691	740 691	–	–	–
	<b>2 181 874</b>	<b>2 206 652</b>	<b>769 890</b>	<b>1 090 662</b>	<b>346 100</b>	<b>–</b>

<sup>#</sup> Investment in, and loans to group companies and associates and available-for-sale investments do not have contractual maturity dates, but have been presented in the "more than five years" column as the entity does not intend disposing of these assets within the next five years.

# Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

## 17 FINANCIAL RISK MANAGEMENT (continued)

### 17.3 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.

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

	2015 R'000	2014 R'000
<b>Variable rate instruments</b>		
<b>Liabilities</b>		
Preference shares (included as long-term borrowings, refer note 10)	346 100	346 100
<b>Assets</b>		
Loan accounts receivable (refer note 1)	4 680 891	4 781 805
Cash resources (refer note 6)	698 125	657 404

#### 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 after tax by R2 887 000 (2014: R1 834 000). This assumes that all other variables remain constant. There is no impact on the company's equity. Net effect on profit or loss is equal but opposite for a 50 basis points decrease on the financial instruments listed above.

#### Equity price risk

The company's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal markets. The executive directors of the board review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R234,1 million (2014: R378,1 million). A decrease of 1% on the relevant market index could have an impact of approximately R2,3 million (2014: R3,8 million) on profit or loss, or other comprehensive income attributable to the group, depending on whether or not the decline is significant or prolonged. An increase of 1% in the value of the listed investments would only impact other comprehensive income, but would not have an effect on profit or loss.

## 17 FINANCIAL RISK MANAGEMENT (continued)

### 17.4 Classification of financial assets and financial liabilities

The categorisation of each class of financial asset and liability in terms of IAS 39 *Financial Instruments: Recognition and Measurement* are included below:

	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
<b>2015</b>					
<b>Financial assets</b>					
Investment in group companies	–	–		470 592	470 592
Available-for-sale investments	234 097	–		–	234 097
Loans to group companies	–	4 680 891		–	4 680 891
Other receivables	–	312 404		–	312 404
Restricted cash (refer note 10)	–	450 000		–	450 000
Cash resources	–	698 125		–	698 125
	<b>234 097</b>	<b>6 141 420</b>		<b>470 592</b>	<b>6 846 109</b>
<b>Financial liabilities</b>					
Loans from group companies			1 078 041	–	1 078 041
Preference shares issued			346 100	–	346 100
Other payables			15 923	–	15 923
			<b>1 440 062</b>	<b>–</b>	<b>1 440 064</b>
<b>2014</b>					
<b>Financial assets</b>					
Investment in group companies	–	–		470 592	470 592
Available-for-sale investments	378 113	–		–	378 113
Loans to group companies	–	4 781 805		–	4 781 805
Other receivables	–	214 636		–	214 636
Cash resources	–	657 404		–	657 404
	<b>377 988</b>	<b>5 653 845</b>		<b>470 592</b>	<b>6 502 550</b>
<b>Financial liabilities</b>					
Loans from group companies			1 078 041	–	1 078 041
Preference shares issued			346 100	–	346 100
Other payables			17 042	–	17 042
			<b>1 441 183</b>	<b>–</b>	<b>1 441 183</b>



# Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

## 18 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Determination of fair values

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

### Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;

Level 2: valuation techniques using inputs, which are directly or indirectly observable; and

Level 3: valuations based on data that is not observable (not applicable to the company).

The values of all other instruments recognised, but not subsequently measured at fair value, approximate fair value.

The following assets and liabilities were measured at level 1:

### Recurring fair value measurements

#### Assets measured at fair value

Available-for-sale investments

#### Assets and liabilities measured at amortised cost

Loans to group companies

Loans from group companies

2015  
R'000

2014  
R'000

234 097

378 113

175 973

184 204

762 486

815 473

## 19 CAPITAL MANAGEMENT

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

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise total equity per statement of financial position. 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.

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	2015 R'000	2014 R'000
<b>20 CONTINGENT LIABILITIES</b>		
<b>Guarantees</b>		
Maximum amount in addition to the R450 million in restricted cash payable for the acquisition of Dwarsrivier Chrome Mine (refer note 5)	<b>800 000</b>	–
In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore has agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014. This amount will be decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent (CPS) are met in order for the transaction to be completed.		
Guarantees issued to bankers as security for facilities provided to subsidiary companies	<b>1 227 160</b>	740 691
The company holds a back-to-back guarantee of R180 million (2014: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		
<b>21 RELATED-PARTY TRANSACTIONS</b>		
Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.		
The following significant related-party transactions occurred during the year:		
Dividends received from joint-venture entity	<b>1 500 000</b>	1 750 000
Preference dividends received from subsidiary companies	<b>267 340</b>	256 251
Management fees paid to subsidiary company	<b>137</b>	137

# Appendix

## ACCOUNTING POLICIES

### 1. Basis of preparation

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

#### 1.1 Statement of compliance

The financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), the South African Companies Act, 71 of 2008, as amended, the JSE Listings Requirements, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

#### 1.2 Changes in accounting policies

1.2.1 The following new standards and amendments to IFRS became effective during the year:

Standard	Description	Effective for financial periods commencing	Anticipated impact
IAS 19	<i>Employee Benefits</i>	July 2014	<p>IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.</p> <p>The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>
IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>	January 2014	<p>The amendments to this standard clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous.</p> <p>The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event.</p> <p>The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be in effect equivalent to net settlement and therefore meet the net settlement criterion.</p> <p>The amendments have not had a material impact on the results or disclosures of the group.</p>

## ACCOUNTING POLICIES (continued)

## 1. Basis of preparation (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>	January 2014	<p>The amendments to this standard clarify the disclosure requirements in respect of fair value less cost of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.</p> <p>In addition, the IASB added two disclosure requirements:</p> <ul style="list-style-type: none"> <li>▶ additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal; and</li> <li>▶ information about the discount rates that have been used when the recoverable amount is based on fair values less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.</li> </ul> <p>The amendments have not had a material impact on the results or disclosures of the group.</p>
IFRIC 21	<i>Levies</i>	January 2014	<p>The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.</p> <p>The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>
IFRS 10, IFRS 12 and IAS 27	<i>Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27</i>	January 2014	<p>“Investment entity” is defined in IFRS 10 <i>Consolidated Financial Statements</i>. An entity must meet all three elements of the definition and consider whether it has four typical characteristics, in order to qualify as an investment entity. An entity must consider all facts and circumstances, including its purpose and design, in making its assessment.</p> <p>An investment entity accounts for its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as applicable), except for investments in subsidiaries that provide services that relate to the investment entity’s investment activities, which must be consolidated.</p>

Appendix continued**ACCOUNTING POLICIES (continued)****1. Basis of preparation (continued)**

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 10, IFRS 12 and IAS 27 (continued)	<i>Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27</i> (continued)	January 2014	<p>An investment entity must measure its investment in another controlled investment entity at fair value. A non-investment entity parent of an investment entity is not permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees. For venture capital organisations, mutual funds, unit trusts and others that do not qualify as investment entities, the existing option in IAS 28 <i>Investments in Associates and Joint Ventures</i>, to measure investments in associates and joint ventures at fair value through profit or loss, is retained.</p> <p>The amendment has not had a material impact on the results or disclosures of the group.</p>

**1.3 IFRS and IFRIC not yet effective**

The group has not applied the following IFRS and IFRIC new, revised and amended standards and interpretations which have been issued as they are not yet effective:

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9	<i>Financial Instruments</i> (Amendments)	January 2018	<p>IFRS 9, as issued in July 2014, reflects the completion of all the phases of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, impairment as well as hedge accounting.</p> <p><b>Classification and measurement of financial instruments</b></p> <p><b>Financial assets</b></p> <p>All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL).</p> <p>Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).</p>

## ACCOUNTING POLICIES (continued)

## 1. Basis of preparation (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9 (continued)	<i>Financial Instruments</i> (Amendments) (continued)	January 2018	<p><b>Financial liabilities</b> For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.</p> <p><b>Impairment of financial assets</b> The expected credit loss model applies to debt instruments recorded at amortised cost or at fair value through other comprehensive income (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.</p> <p>Entities are required to recognise either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.</p> <p>The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information.</p> <p><b>Hedge accounting</b> There are significant changes with regard to hedge accounting. These are not applicable to the group as the group does not apply hedge accounting.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>
IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> (Amendments)	January 2016	<p>The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>

Appendix continued

## ACCOUNTING POLICIES (continued)

## 1. Basis of preparation (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its associate or Joint Venture</i> (Amendments)	January 2016	<p>These amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 <i>Business Combinations</i>, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in associate or joint venture.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>
IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> (Amendments)	January 2016	<p>These amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3, and other IFRS, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRS in relation to business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation. Furthermore, the amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in joint operation must not be remeasured if the joint operator retains joint control.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>
IFRS 15	<i>Revenue from Contracts with Customers</i>	January 2018	<p>The core principle of this standard is that an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.</p> <p>The principles in IFRS 15 will be applied using a five-step model:</p> <ul style="list-style-type: none"> <li>➤ identify the contact(s) with a customer;</li> <li>➤ identify the performance obligations in the contract;</li> <li>➤ determine the transaction price;</li> <li>➤ allocate the transaction price to the performance obligations in the contract; and</li> <li>➤ recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul> <p>The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>

## ACCOUNTING POLICIES (continued)

## 1. Basis of preparation (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IAS 1	<i>Disclosure Initiative</i> (Amendments)	January 2016	<p>The amendments clarify:</p> <ul style="list-style-type: none"> <li>➤ the materiality requirements in IAS 1;</li> <li>➤ the specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;</li> <li>➤ that entities have flexibility as to the order in which they present the notes to the financial statements; and</li> <li>➤ that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.</li> </ul> <p>Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>
IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> (Amendments)	January 2016	<p>The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>
IAS 27	<i>Equity Method In Separate Financial Statements</i> (Amendments)	January 2016	<p>The amendments allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:</p> <ul style="list-style-type: none"> <li>➤ at cost;</li> <li>➤ in accordance with IFRS 9 (or IAS 39); or</li> <li>➤ using the equity method.</li> </ul> <p>The entity must apply the same accounting for each category of investments.</p> <p>A consequential amendment was also made to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.</p> <p>The group is in the process of determining the impact of the standard on its results.</p>

In addition to the above changes, a set of improvements to IFRS was issued by the IASB in December 2013. These improvements become effective for periods beginning on or after 1 July 2014. The annual improvements have not had a material impact on the results or disclosures of the group. In relation to the annual improvements that were issued in September 2014 (the 2012 – 2014 cycle), the group is currently in the process of determining the impact of these improvements.

All other new standards and amendments issued not yet effective are not considered to have a material impact to the results or disclosures of the group.



## Appendix continued

### ACCOUNTING POLICIES (continued)

#### 2. Significant accounting judgements and estimates

##### 2.1 Judgements

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

##### *Consolidation of special-purpose vehicles*

The Boleng Trust and Fricker Road Trust (the trusts) are broad-based community trusts which are for the benefit of historically disadvantaged South Africans (HDSAs) as contemplated in the Mining Charter. The trusts are invested in special-purpose vehicles (SPVs), namely Main Street 350 Proprietary Limited (RF), Main Street 460 Proprietary Limited (RF) and Main Street 904 Proprietary Limited (RF). The group has considered the requirements of IFRS 10 in assessing whether or not it controls the trusts and the SPVs both which are considered to be structured entities (SEs) as defined in IFRS 10. Based on the contractual terms (namely those contained in the relationship agreements which govern the operation of SEs) the voting rights in the SEs are not considered to be the dominant factor in determining control. Factors such as design and purpose of the SEs, the fact that the SEs are indebted to the group, together with the restrictions placed on the Assore shares held by the SEs (either directly or indirectly) have resulted in the group's management concluding that the SEs (the trusts and the SPVs) are controlled by the group and have therefore been consolidated in the group financial statements in order to comply with the requirements of IFRS 10. Similarly, since the Assore Employee Trust (also an SE), which is operated by the group and the SPV in which the trust is invested, is indebted to the group, has been consolidated in the group financial statements in accordance with IFRS 10. Accordingly, the Assore shares controlled by these SEs are accounted for as treasury shares (refer item 14).

##### *Impairment of available-for-sale investments*

The group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in fair value below their original cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its original cost.

Refer note 4 for the impairment on the available-for-sale investments.

##### 2.2 Estimation uncertainty

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

##### *Project risk and exploration expenditure*

In evaluating whether expenditures meet the criteria to be capitalised, the group utilises several different sources of information, including:

- ▶ the degree of certainty over the mineralisation of the orebody;
- ▶ commercial risks including, but not limited to, country risks; and
- ▶ prior exploration knowledge available about the target orebody, which reduces the level of risk associated with the capitalisation of this expenditure to an acceptable level.

##### *Production stripping costs*

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at the surface mining operations.

The group is required to identify the separately identifiable components of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s). Refer note 2 in the notes to the consolidated financial statements.

##### *Provisions for environmental rehabilitation*

The group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. An environmental liability assessment is conducted by an independent adviser on an annual basis to assess the adequacy of the environmental rehabilitation provisions. A risk of material adjustment exists due to the inherent uncertainty surrounding the future life of the mines, the forward-looking nature of the provisions and the uncertainty regarding the underlying assumptions. Refer note 14 in the notes to the consolidated financial statements.

## ACCOUNTING POLICIES (continued)

### 2. Significant accounting judgements and estimates (continued)

#### *Ore Reserve and Resource estimates*

Ore Reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mines, based on Proven and Probable Ore Reserves. The group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the orebody, and require complex geological judgements to interpret the data. Changes in the Reserve or Resource estimates may impact the carrying value of exploration and mining assets in terms of depreciation charged and possible impairment. Refer note 2 in the notes to the consolidated financial statements.

#### *Depreciation based on units of production*

Costs related to the development and infrastructure of the mine to the stage when economically accessible reserves are to be extracted, are depreciated over the entire Proven and Probable Reserves for the relevant Mineral Resource. Subsequent development and infrastructure costs incurred in accessing Mineral Resources are depreciated over the expected Proven and Probable Reserves expected to be extracted for each phase of the planned mining activity, taking into account reasonably certain plans for ongoing economically feasible mining activity. Refer note 2 in the notes to the consolidated financial statements.

#### *Impairment of non-financial assets*

The group assesses each cash-generating unit annually to determine whether any indications of impairment exist. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a cash-generating unit. (Refer note 2 in the notes to the consolidated financial statements.)

### 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 intra-group transactions, have been eliminated on consolidation.

#### 3.1 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.

Non-controlling interests (NCI) represent the portion of profit or loss and equity not held by the group which are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. The NCI is allocated its share of the total comprehensive income/losses for the period, even if that results in a deficit balance.

#### 3.2 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investments in joint ventures are initially recognised at cost. Carrying amounts of the investment are adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to joint ventures are included in the carrying amount of the investment and are not amortised nor individually tested for impairment. Investments in joint ventures are accounted for in the company at cost less impairments.

The income statement and statement of other comprehensive income (OCI) reflect the group's share of the results of operations of joint ventures. Any change in OCI of that investee is presented as part of the group's OCI. In addition, where changes have been recognised directly in the equity of the joint venture, the group recognises its share of any changes, when applicable, in its statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint ventures.

The aggregate of the group's share of profit or loss of joint ventures are separately shown in the income statement and represents the profit or loss after tax of the joint venture.

The financial statements of joint ventures are prepared for the same reporting period as the group. When necessary, adjustments are made to accounting policies to be consistent with those of the group.

At each reporting date, the group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as "Share of profit of a joint venture" in the income statement.

## Appendix continued

### ACCOUNTING POLICIES (continued)

#### 3. Basis of consolidation (continued)

On loss of joint control over a joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and fair value of the retained investment and proceeds from disposal is recognised in the income statement.

#### 3.3 Associates

Associates are investments over which the group has significant influence which is the power to participate in the financial and operating policy decisions of the investee but without the ability to exercise control or joint control. The group's investment in its associate is accounted for using the equity method. The group's share of its profit or loss is based on the associate's most recent audited financial statements or unaudited interim statements drawn up to the date of the group's statement of financial position. Investments in associates are accounted for in the company at cost less impairments.

Investment in the associates are initially recognised at cost. The carrying value of the investment in associate is adjusted to recognise the group's share of the net assets, including the carrying value of goodwill. The carrying value of the associate is reviewed on a regular basis and if there is objective evidence that an impairment in this amount has occurred as a result of one or more events during the year, the investment is impaired.

The group's share of losses in associates that exceed its interest are not recognised unless the group has an obligation to fund such losses. Unrealised gains arising from transactions with associates are eliminated against the investments to the extent of the group's interest in the investments. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

#### 4. Property, plant and equipment and depreciation

##### 4.1 General

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

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. When an item of plant and equipment comprises a number of significant components each with different useful lives, these components are recorded and depreciated as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the original component is expensed in the income statement.

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

##### 4.2 Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Where the benefits of production stripping costs are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, resulting in the creation of mining flexibility and improved access to orebodies to be mined in the future, the costs are recognised as a non-current asset. These are referred to as stripping activity assets, if:

- ▶ future economic benefits (being improved access to the orebody concerned) are probable;
- ▶ the component of the orebody for which access will be improved can be accurately identified; and
- ▶ the costs associated with the improved access can be reliably measured.

If these criteria are not met, the production stripping costs are charged to the income statement as operating costs.

The stripping activity asset is initially measured at cost, which consists of the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the orebody and an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. In the event that the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the orebody that became more accessible as a result of the stripping activity. Based on Proven and Probable Reserves, the units-of-production method is used to determine the expected useful life of the identified component of the orebody that became more accessible.

## ACCOUNTING POLICIES (continued)

### 4. Property, plant and equipment and depreciation (continued)

#### 4.3 Prospecting, exploration, mine development and decommissioning assets

Costs related to property acquisitions and mineral and surface rights related to exploration are capitalised and depreciated over a maximum period of 25 years. All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and from which a future economic benefit stream is highly probable.

Exploration expenditure incurred on greenfield sites where the company does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed after which the expenditure is capitalised.

Exploration expenditure incurred on brownfield sites, adjacent to any mineral deposits which are already being mined or developed, is expensed as incurred until the company has obtained sufficient information from all available sources to ameliorate the identified project risk areas and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised and depreciated on a straight-line basis over a maximum period of 25 years.

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

Refer item 12.1 for the decommissioning assets accounting policy.

Underground mine development includes all directly attributable development costs, including those incurred prior to the commencement of stoping, are capitalised when incurred.

#### 4.4 Depreciation

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

##### *Mineral and prospecting rights*

Mineral Reserves, which are being depleted, are amortised over their estimated useful lives using the units-of-production method based on 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 and buildings*

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

Mine and industrial properties 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, machinery and equipment*

Mining plant, machinery and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 25 years (being the remaining life of the mine), 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, machinery and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

##### *Vehicles*

Vehicles are depreciated on the straight-line basis. The annual depreciation rates used vary between five and nine years.

##### *Furniture and fittings*

Furniture and fittings are depreciated on the straight-line basis. The annual depreciation rates used vary between three and 10 years.

##### *Office equipment*

Office equipment is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

##### *Computer hardware*

Computer hardware is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

##### *Computer software*

Computer software is depreciated on the straight-line basis. The annual depreciation rates used vary between three and five 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 available for use as intended.

## Appendix continued

### ACCOUNTING POLICIES (continued)

#### 4. Property, plant and equipment and depreciation (continued)

##### *Mining development assets*

Mining development assets are depreciated using the units-of-production method based on Proven and Probable Ore Reserves. The tonnes used to determine depreciation include all the Proven and Probable Ore Reserves that management expects to access within the respective phase. The Proven and Probable Ore Reserves of other phases are adjusted to include those reserves that management determines will be extracted from these areas that are to be developed (refer item "2.2 Depreciation based on units of production") once it has been determined that these other phases of mining will be undertaken.

#### 5. Intangible assets

##### 5.1 Goodwill

Goodwill is initially measured at cost being the excess of the consideration paid over the fair value of the identifiable assets acquired net of the liabilities assumed of the acquired entity. Following initial recognition, goodwill is measured at cost less any accumulated impairment charges. Goodwill is allocated to the CGU (cash-generating unit) to which it relates and is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired based on future income streams of the CGU. Where goodwill has been allocated to a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed part of the operation is included in its carrying amount when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed part of the operation and the portion of the CGU retained.

##### 5.2 Intangible assets other than goodwill

Intangible assets represent proprietary technical information. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period varies between three and five years. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are not amortised and are subjected to annual impairment reviews.

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

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

#### 6. Business combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 as a change to profit and loss. If the consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate accounting standard per IFRS.

#### 7. Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that the carrying value of an asset or a CGU 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset/CGU 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/CGU.

**ACCOUNTING POLICIES (continued)****7. Impairment of non-financial assets (continued)**

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

**8. Capitalisation of borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or development of major capital projects, which require a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- ▶ expenditures for the asset are being incurred;
- ▶ borrowing costs are being incurred; and
- ▶ activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are completed.

Other borrowing costs are charged to finance costs in the income statement as incurred.

**9. Financial instruments****9.1 Recognition and measurement**

The recognition and measurement of financial instruments depend on their classification as described below:

***Available-for-sale investments***

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

Gains and losses on subsequent measurement of available-for-sale investments are recognised in other comprehensive income until the investment is disposed of, or its original cost is considered to be impaired, at which time the cumulative gain previously reported in other comprehensive income and the impairment below the cost, where considered significant or prolonged, is recognised in the income statement.

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

***Trade and other receivables***

Trade receivables are initially recognised at fair value and subsequently at amortised cost and are classified as loans and receivables. An impairment charge is recognised when there is evidence that an entity will not be able to collect all amounts due in accordance with the original terms of the receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The impairment amount is charged to the income statement when it arises.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash that is not available for use by the group and therefore is not considered highly liquid.

Cash and cash equivalents are initially recognised at fair value and subsequently stated at amortised cost.

***Preference shares, trade and other payables***

Preference shares, trade and other payables are initially recognised at fair value, including any transaction costs directly associated with the borrowing, and subsequently stated at amortised cost, being the initial recognised obligation less any repayments made and any other adjustments plus interest accrued.

***Interest-bearing loans and borrowings***

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

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

## Appendix continued

**ACCOUNTING POLICIES (continued)****9. Financial instruments (continued)****9.2 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. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting and any gains or losses arising from changes in fair value on derivatives are recognised directly in the income statement.

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

**9.3 Derecognition of financial assets and liabilities***Financial assets*

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement.

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement. When 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.

**9.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**9.5 Impairment of financial assets**

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

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss has been incurred in respect of a financial asset, 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 reduced and the amount of the loss is recognised in the income statement.

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

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

*Available-for-sale investments*

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

**10. Inventories**

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

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

**ACCOUNTING POLICIES (continued)****11. Foreign currency translation**

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

**11.1 Foreign currency balances**

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

**11.2 Foreign entities**

The assets and liabilities of subsidiaries with a different functional currency are translated at the rate of exchange ruling at the statement of financial position date. The income statements of these subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are reclassified in the income statement as a component of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity after 1 January 2005 are treated as assets and liabilities of the acquired entity and are recorded at the exchange rate at the date of the transaction and are remeasured at the closing rate at each reporting date.

**12. Environmental rehabilitation expenditure**

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

**12.1 Decommissioning costs**

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is recognised in property, plant and equipment when the decommissioning provision gives access to future economic benefits. The unwinding of the obligation is included in the income statement as finance costs.

The estimated cost of decommissioning obligations is reviewed annually and adjusted for legal, technological and environmental circumstances that affect the present value of the obligation for decommissioning. The related decommissioning asset is amortised using the lesser of the related asset's estimated useful life or units-of-production method based on estimated Proven and Probable Ore Reserves.

**12.2 Restoration costs**

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and is charged to the income statement based on the units of production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine. Cost estimates are not reduced by the potential proceeds from the sale of assets.

**12.3 Ongoing rehabilitation costs**

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

**13. Treasury shares**

Own equity instruments acquired are regarded as treasury shares and are accounted for as a reduction in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares, as these transactions are recognised directly in equity.

**14. Taxation****14.1 Current taxation**

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement.

**14.2 Deferred taxation**

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the date of the statement of financial position, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- ▶ where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## Appendix continued

### ACCOUNTING POLICIES (continued)

#### 14. Taxation (continued)

##### 14.2 Deferred taxation (continued)

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

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement.

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

##### 14.3 Value added taxation (VAT)

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

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

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

##### 14.4 Mining royalty taxation

Provision for mining royalties is made with reference to the condition specified as contained in the Mining and Petroleum Resources Royalty Act, for the transfer of refined and unrefined mined resources, upon the date such transfer is effected. These costs are included in other expenses.

##### 14.5 Dividend withholding tax

On 1 April 2012, STC was replaced with a dividend withholding tax. Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. Dividends paid to companies, certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

#### 15. Provisions

Provisions are recognised when:

- ▶ a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation; and
- ▶ a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when it is probable that an outflow of economic benefits will occur. The amount recognised as a provision is the best estimate at the statement of financial position date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a 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 finance costs.

**ACCOUNTING POLICIES (continued)****16. 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 free on board (FOB) or cost, insurance and freight (CIF) sales value of ores and alloys exported and the free on rail (FOR) sales value of ores and alloys sold locally. Sales of mining and beneficiated products are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

**Technical fees and commissions on sales**

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

**Interest received**

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

**17. Share-based payment transactions**

Certain employees of the group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. The fair value is expensed over the period until the vesting date with the recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

**18. 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 through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised in the income statement on the earlier of:

- ▶ the date of the plan amendment or curtailment; or
- ▶ the date that the group recognises restructuring-related costs.

The net interest cost is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation in the income statements:

- ▶ service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ net interest cost.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. The value of any defined benefit asset recognised is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

Contributions to all defined contribution funds are expensed in profit and loss when incurred.

**19. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities in the statement of financial position but disclosed in the notes to the financial statements.

# Appendix continued

## ACCOUNTING POLICIES (continued)

### 20. Definitions

#### Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and after adjusting for non-controlling interests divided by the weighted number of shares outstanding during the period.

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with Circular 2/2013 issued by the South African Institute of Chartered Accountants. Adjustments against earnings are made after taking into account attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

#### Cash resources

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

#### Cost of sales

All costs directly related to the production of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales.

#### Dividends per share

Dividends declared during the year divided by the weighted number of ordinary shares in issue.

#### Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

# Notice of Annual General Meeting

Notice is hereby given to the shareholders of Assore Limited (Assore or the company) recorded in the securities register of the company on 16 October 2015, (being the record date for receiving this notice as determined by the board of directors of Assore (the board)), that the sixty-fifth Annual General Meeting (AGM) of the shareholders of Assore will be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 27 November 2015 at 10:30), during which meeting the following business will be transacted:

1. To present the audited annual financial statements of Assore and the group for the financial year ended 30 June 2015.
2. To elect the following directors who retire by rotation in accordance with the provisions of the company's Memorandum of Incorporation (Mol), all of whom are eligible and offer themselves for re-election to the board:
  - 2.1 Ms TN Mgoduso and Ms IN Mkhari, who were appointed subsequent to the last Annual General Meeting; and
  - 2.2 Messrs EM Southey and WF Urmson, who retire by rotation in terms of the company's Mol.
3. To re-elect Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors), as members of the Audit and Risk Committee. A short *curriculum vitae* of each of the directors concerned is included on page 122.
4. To consider and, if deemed fit, to pass with or without modification the ordinary and special resolutions set out below.
5. To transact any other business that may be transacted at an Annual General Meeting of the company.

## MEETING RECORD DATE

In accordance with section 59(1) of the Companies Act, No 71 of 2008, as amended (Companies Act), the board has determined that the record date for the purposes of establishing which shareholders are entitled to participate in and vote at the Annual General Meeting will be 20 November 2015.

## PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements of Assore and the group (as approved by the board), including the directors' report, the independent auditor's report, the Audit and Risk Committee report and the Social and Ethics Committee report for the financial year ended 30 June 2015, have been distributed to shareholders as required by section 30(3)(d) of the Companies Act.

The annual financial statements referred to above are set out on pages 46 to 118 of the integrated annual report and are also available electronically at [www.assore.com](http://www.assore.com).

## AUTOMATIC REAPPOINTMENT OF ASSORE'S AUDITOR

In accordance with the provisions of section 90(6) of the Companies Act, Ernst & Young Inc. shall automatically be reappointed at the AGM as the auditor of Assore for the forthcoming financial year.

Note: The company's Audit and Risk Committee has determined that Ernst & Young Inc. is independent of the company, as required in terms of section 90(2)(c) of the Companies Act.

## REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Regulation 43(5)(c) of the Companies Regulations, 2011 issued in terms of section 223 of the Companies Act, the chairman of the Social and Ethics Committee will table the report of the Social and Ethics Committee as set out on page 34 of the integrated annual report at the AGM.

# Notice of Annual General Meeting continued

## ORDINARY RESOLUTIONS

The ordinary resolutions set out below are required to be passed by a simple majority of ordinary shareholders, representing more than 50% of the exercisable voting rights, present in person or by proxy and voting at the AGM. Where resolutions involve the election of directors, a short *curriculum vitae* of the director concerned is included on page 122.

### Ordinary resolution number 1 (re-election of Mr EM Southey as a director)

RESOLVED THAT, Mr EM Southey, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

### Ordinary resolution number 2 (re-election of Mr WF Urmson as a director)

RESOLVED THAT, Mr WF Urmson, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

### Ordinary resolution number 3 (re-election of Ms TN Mgoduso as a director)

RESOLVED THAT, Ms TN Mgoduso, who retires in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

### Ordinary resolution number 4 (re-election of Ms IN Mkhari as a director)

RESOLVED THAT, Ms IN Mkhari, who retires in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

### Ordinary resolution number 5 (re-election of Audit and Risk Committee members)

RESOLVED THAT, Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors) are re-elected as members of the Audit and Risk Committee in terms of section 94(2) of the Companies Act.

## ADVISORY ENDORSEMENT OF THE REMUNERATION POLICY

To endorse, through a non-binding advisory vote, the company's remuneration policy (excluding the fees paid to the non-executive directors for their services) as set out on page 19 of the integrated annual report.

## SPECIAL RESOLUTION

The following special resolution is required to be passed by ordinary shareholders holding at least 75% of the exercisable voting rights, present in person or by proxy and voting at the AGM.

### Special resolution number 1 (general authority to provide financial assistance)

RESOLVED THAT, the board may, subject to compliance with the requirements of Assore's MoI, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as such term is defined in the Companies Act) to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act.

## VOTING

Only Assore shareholders registered in the company's securities register on Friday, 20 November 2015 will be entitled to attend the AGM and to vote on the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or represented by proxy at the AGM, will have 1 (one) vote (irrespective of the number of ordinary shares held by such shareholder), and, on a poll, every ordinary shareholder will have 1 (one) vote for every ordinary share held or represented by such shareholder. Whether voting takes place by a show of hands or on a poll will be at the discretion of the Chairman.

## PROXIES AND IDENTIFICATION

Shareholders holding certificated shares and shareholders 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 AGM or may appoint one or more natural persons to act as proxies (who need not be shareholders of the company) to attend, speak and vote on behalf of such shareholder at the Annual General Meeting. A form of proxy is attached to this notice of AGM. Duly completed forms of proxy must be detached and lodged with or posted to either the transfer secretaries of Assore (being Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107)), or the registered office of Assore, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116), to be received by no later than 10:30 on Wednesday, 25 November 2015.

The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat, to the exclusion of any such proxy.

Shareholders 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 or letter of representation to attend. If such shareholders do not wish to attend the AGM 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.

Kindly note that, in terms of section 63(1) of the Companies Act, all meeting participants (including proxies) are required to provide acceptable identification before being entitled to attend or participate at the AGM. Forms of identification considered acceptable include original valid identity documents, identity cards, driver's licences or passports.

By order of the board

**AFRICAN MINING AND TRUST COMPANY LIMITED**

Secretaries

Johannesburg  
28 October 2015

# Notice of Annual General Meeting continued

## **Curricula vitae of directors retiring in terms of the MoI and available for re-election and of independent non-executive directors recommended for election as members of the Audit and Risk Committee**

### **EM Southey**

Deputy Chairman and lead independent non-executive director

*BA LLB*

Ed was admitted as an attorney, notary and conveyancer in 1967 and practised as a partner of Webber Wentzel until his retirement as senior partner of that firm in 2006. He remains an executive consultant to the firm and is a former president of the Law Society of the northern provinces and of the Association of Law Societies of South Africa. He is a director of a number of companies. He joined the Assore board as a non-executive director in January 2009, and was appointed as Deputy Chairman and lead independent director in November 2010. He is the Chairman of the group's Audit and Risk and Remuneration committees.

### **WF Urmson**

Independent non-executive director

*CA(SA)*

Bill was appointed as an independent non-executive director in October 2010 and chairs the group's Social and Ethics Committee. He also serves on the group's Audit and Risk, and Remuneration committees. He is a former deputy chairman of Ernst & Young and has served the accounting profession as chairman of the accounting practices and ethics committees of the South African Institute of Chartered Accountants. He is a former director: surveillance of the JSE and consulted to the exchange on a part-time basis until December 2013.

### **TN Mgoduso**

Independent non-executive director

*BA MA (Clinical Psychology)*

Thandeka is a clinical psychologist and obtained her qualifications at the universities of Fort Hare and the Witwatersrand. While in commerce, she held various leadership positions in operations as well as in human resources and currently consults in strategy and human resources. She chairs her company, Jojose Investments, and holds non-executive directorships on the boards of the South African Reserve Bank, Tongaat Hulett and Air Traffic Navigation Services. She was appointed to the board with effect from 2 February 2015 and to the Social and Ethics Committee on 1 October 2015.

### **IN Mkhari**

Independent non-executive director

*BA (Social Science)*

Ipeleng is the founder and CEO of Motseng Investment Holdings, which is a diversified investment holdings group and is the co-founder of the Delta Property Fund, which is listed on the JSE. She is a non-executive director of KAP Industrial Holdings, Nampak and South African Property Owners Association (SAPOA), and was appointed to the board with effect from 2 February 2015. In 2007, she received the Archbishop Tutu Fellow award from the African Leadership Institute.

### **S Mhlarhi**

Independent non-executive director

*BCom, BAcc, CA(SA)*

Sydney qualified as a chartered accountant in 1998 following the completion of his articles at Ernst & Young in 1997. He co-founded Tamela Holdings Proprietary Limited (Tamela) in 2008, which holds investments in various industries. Sydney has held various senior positions in the investment banking sector, including those of divisional director at Standard Bank and chief investment officer of Makalani Holdings Limited, a mezzanine financier which listed on the JSE in 2005. Sydney was appointed to the board on 15 October 2012 and serves on the group's Audit and Risk Committee.

# Form of proxy

## ASSORE LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number: 1950/037394/06)  
 Share code: ASR ISIN: ZAE000146932  
 (Assore or the company)

For use only by shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), attending the Annual General Meeting (AGM) of Assore ordinary shareholders to be held at 10:30, on Friday, 27 November 2015 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

Shareholders who have dematerialised their shares through a CSDP or broker and have not elected "own name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the AGM or, if they do not wish to attend the AGM, 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 ordinary shareholders and their CSDP or broker.

### Form of proxy for the AGM of Assore ordinary shareholders (refer notes on completion attached)

I/We \_\_\_\_\_  
 (Names in block letters)

of \_\_\_\_\_  
 (Address)

being the holder/s of \_\_\_\_\_ ordinary shares  
 in the company, hereby appoint/s (see note 1 overleaf)

1. \_\_\_\_\_  
 of \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_  
 of \_\_\_\_\_ or failing him/her

3. the Chairman of Assore, or failing him, the Chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of Assore to be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 27 November 2015 at 10:30 or at any adjournment thereof.

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

	For	Against	Abstain
<b>Ordinary resolution number 1</b> Re-election of Mr EM Southey as a director of the company			
<b>Ordinary resolution number 2</b> Re-election of Mr WF Urmson as a director of the company			
<b>Ordinary resolution number 3</b> Re-election of Ms TN Mgoduso as a director of the company			
<b>Ordinary resolution number 4</b> Re-election of Ms IN Mkhari as a director of the company			
<b>Ordinary resolution number 5</b> Re-election of Messrs EM Southey, S Mhlarhi and WF Urmson as members of the Audit and Risk Committee of the company			
<b>Advisory endorsement of the remuneration policy</b> Advisory endorsement of the remuneration policy			
<b>Special resolution number 1</b> General authorisation for Assore to provide financial assistance to subsidiary and inter-related companies of Assore			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

**Please see notes overleaf**



## Notes to the form of proxy

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in the place of that shareholder at the AGM. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of Assore, or failing him, the Chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box alongside the resolution concerned. Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if he is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or abstain from voting at the AGM as he/she deems fit, in respect of the shareholder's total holding.
3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
4. Every shareholder 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 shareholder shall have one vote for every ordinary share held.
5. In the case of joint holders, the vote of the senior joint holder 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 shareholders in respect of joint holding(s).
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity (eg for a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy unless previously recorded by the transfer secretaries of Assore or waived by the Chairman of the AGM.
7. The Chairman of the AGM may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Assore.
8. Completed forms of proxy and the authority under which they are signed (if any) must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116) or its transfer secretaries (being Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107)), to be received by no later than 10:30 on Wednesday, 25 November 2015.

# Corporate information

## Executive directors

Desmond Sacco (Chairman)<sup>#</sup>  
CJ Cory (Chief Executive Officer)  
AD Stalker (Group Marketing Director)  
BH van Aswegen (Group Technical and Operations Director)<sup>°</sup>

## Non-executive directors

EM Southey (Deputy Chairman and lead independent director)<sup>†\*</sup>  
TN Mgoduso<sup>°</sup>  
S Mhlarhi<sup>\*\*</sup>  
IN Mkhari<sup>†</sup>  
WF Urmson<sup>†°#</sup>

## Alternate director

PE Sacco (alternate to Desmond Sacco)

<sup>#</sup> Member of the Remuneration Committee  
<sup>°</sup> Member of the Social and Ethics Committee  
<sup>†</sup> Independent  
<sup>\*</sup> Member of the Audit and Risk Committee

## Secretary and registered office

African Mining and Trust Company Limited  
Assore House  
15 Fricker Road  
Illovo Boulevard  
Johannesburg, 2196

Postal address  
Private Bag X03  
Northlands, 2116  
Email: [info@assore.com](mailto:info@assore.com)

[www.assore.com](http://www.assore.com)

## Transfer secretaries and share transfer office

Computershare Investor  
Services Proprietary Limited  
70 Marshall Street  
Johannesburg, 2001

## Auditors

Ernst & Young Inc.  
102 Rivonia Road  
Sandton  
Johannesburg, 2196

## Attorneys

Webber Wentzel  
10 Fricker Road  
Illovo Boulevard  
Johannesburg, 2196

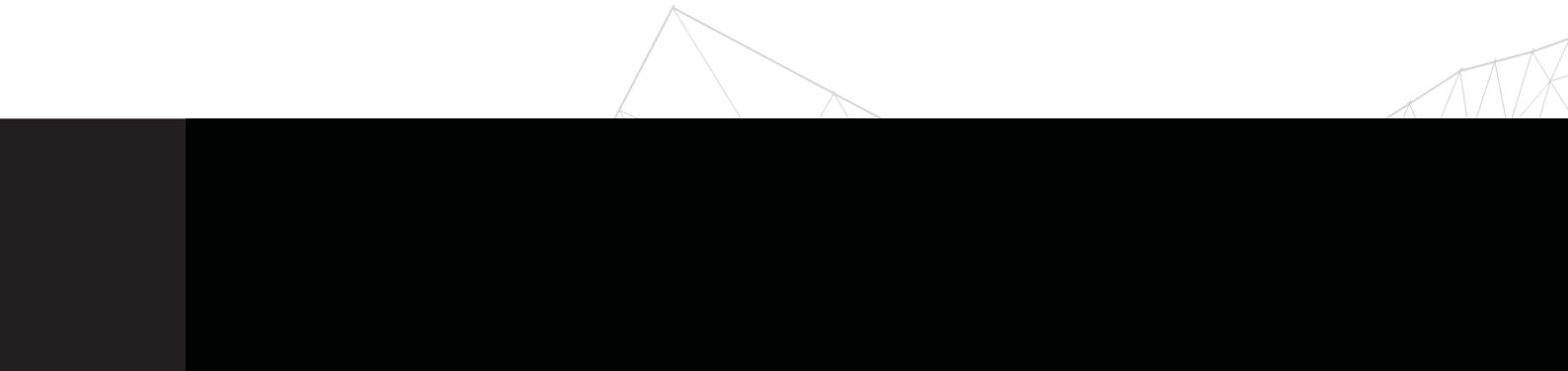
Norton Rose Fullbright  
15 Alice Lane  
Sandton, 2196

## Bankers

The Standard Bank of South Africa Limited  
30 Baker Street  
Rosebank, Johannesburg, 2196

## Corporate information

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



[www.assore.com](http://www.assore.com)

Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196