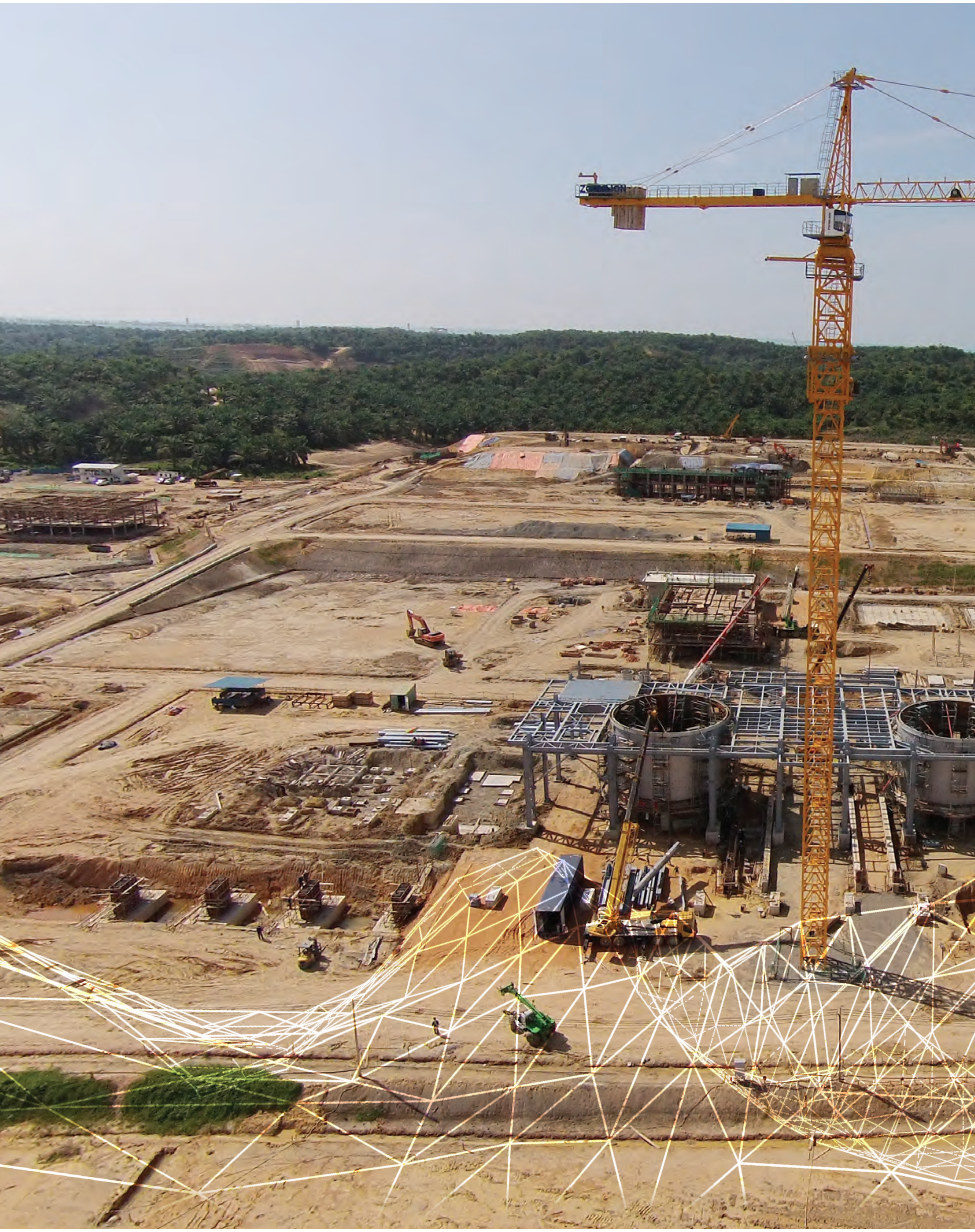

Two furnaces under construction at Sakura Ferroalloys, Malaysia

Contents

Approval of the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2014

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2014, as set out on pages 52 to 122, 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 20 October 2014, and are signed on its behalf by:

D. Sacco

Desmond Sacco
Chairman

CJ Cory
Chief Executive Officer

Certificate by the Company Secretary

FOR THE YEAR ENDED 30 JUNE 2014

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
20 October 2014

Independent auditor's report to the shareholders of Assore Limited

FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Assore Limited set out on pages 53 to 122, which comprise the statements of financial position as at 30 June 2014, 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 2014, 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 2014, we have read the Audit and Risk Committee's report on pages 36 and 37 and the Company Secretary's certificate on page 51 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: Louis Pieter van Breda
Registered auditor
Chartered Accountant (SA)
102 Rivonia Road
Sandton
Johannesburg
20 October 2014

Directors' report

FOR THE YEAR ENDED 30 JUNE 2014

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% (2013: 50%) interest in Assmang 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 and chrome 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 reminder 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 30 to 33).

CHANGE IN ACCOUNTING POLICY

Up until the previous year-end, the group's investment in Assmang was accounted for using the proportional consolidation method. With the adoption of IFRS 11 – *Joint Arrangements,* Assmang is classified as a joint venture, which requires its financial results to be accounted for on the equity accounting basis, in terms of IAS 28 – *Investment in Associates and Joint Ventures.* This basis of accounting represents a significant change in the method previously applied in recognising the impact of Assmang in the group's financial statements. The application of the equity accounting method has resulted in the cost of the investment, together with Assore Limited's share of accumulated profit being disclosed as one item in the statement of financial position, referred to as "Investment in jointly controlled entity". The group's 50% share of Assmang's profit is reflected as one item in the income statement, referred to as "Share of profit from joint venture, after taxation". Under the proportionate consolidation method, the group's 50% interest in Assmang's financial results was included in the group's financial statements on a line-by-line basis. Refer "Control over financial reporting" and "Jointly controlled entity" below. Detailed information on changes in the group's accounting policies are included on pages 102 to 108.

FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2014 are summarised below:

	Year ended 30 June 2014 R'000	Restated 2013 R'000
Turnover	**1 768 561**	999 280
Profit before joint venture	**457 567**	337 226
Share of profit from joint venture for the year	**3 572 155**	3 092 476
Profit for the year	**4 029 722**	3 429 702
Attributable to:		
Shareholders of the holding company	**4 005 123**	3 426 978
Non-controlling interests	**24 599**	2 724
As above	**4 029 722**	3 429 702
Profit attributable to the shareholders of the holding company as above	**4 005 123**	3 426 978
Dividends relating to the group's activities for the year under review (refer Dividends below)	**(1 032 071)**	(619 243)
Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	**628 232**	349 018
Final dividend No 115 of 550 cents (2013: 350 cents) per share – declared on 3 September 2014	**767 839**	488 625
Less: Dividends attributable to treasury shares	**(364 000)**	(218 400)
Profit relating to the year after dividends, net of dividends retained in the group on treasury shares	**2 973 052**	2 807 735
The attributable interest of the company in the aggregate net profit and losses after taxation of subsidiary companies was as follows:		
– Profit	**543 674**	430 365
– Losses	**(86 107)**	(93 139)

Directors' report continued

FOR THE YEAR ENDED 30 JUNE 2014

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the financial statements and related financial information included in this report. The external auditors, Ernst & Young Inc. whose report appears on page 52, 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). During the year, the group adopted, *inter alia*, IFRS 11 – *Joint Arrangements* and amendments to IAS 19 – *Employee Benefits*. The impact of the adoption of these statements are set out in note 1.2.2 to the annual financial statements. The remaining accounting policies are consistent with those of the previous year.

The financial statements have been prepared on a going-concern basis and the directors have no reason to believe that any of the businesses in the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the carrying amounts of all assets included on 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 based on established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of the financial information included in this report.

JOINTLY CONTROLLED 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 (previously proportionately consolidated) and Assore has disclosed its share of Assmang's profit after taxation in its income statement as "Share of profit from joint venture, after taxation". As the disclosures regarding Assmang in the consolidated financial statements is limited, due to the application of IAS28, set out below are the financial statements of Assmang in abridged format.

ABRIDGED CONSOLIDATED INCOME STATEMENT OF ASSMANG

	Year ended 30 June	
	2014 R'000	2013 R'000
Turnover	**27 561 503**	25 003 167
Profit before taxation	**9 892 013**	8 700 829
Taxation	**2 722 755**	2 490 927
Earnings	**7 169 258**	6 209 902
Dividends declared and paid during the year	**3 500 000**	3 000 000
Profit for the year after dividends	**3 669 258**	3 209 902

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASSMANG

	As at 30 June	
	2014 R'000	2013 R'000
Assets		
Non-current assets	**23 082 111**	20 057 500
Current assets		
Inventories	**4 426 867**	4 252 382
Trade and other receivables	**4 822 595**	4 831 525
Financial assets	**112 130**	–
Cash and cash equivalents	**5 975 535**	5 333 705
Total assets	**38 419 238**	34 475 112

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASSMANG (continued)

	As at 30 June 2014 R'000	2013 R'000
Equity and liabilities		
Non-current liabilities		
Deferred taxation	**5 072 665**	4 771 611
Long-term provisions	**913 143**	797 987
Current liabilities		
Trade and other payables	**2 231 894**	2 238 269
Short-term provisions	**585 290**	504 599
Taxation	**345 772**	561 430
Current liabilities	**9 148 764**	8 873 896
Total equity and liabilities	**38 419 238**	34 475 112
Capital expenditure for the year	**3 643 143**	4 064 104
Capital commitments	**7 644 668**	3 682 506

DIRECTORS' EMOLUMENTS

	Directors' fees R'000	Salary R'000	Bonuses R'000	Contributions to pension scheme R'000	Other benefits and fringe benefits R'000	Total R'000
					Refer notes 2 and 3	
2014						
Executive						
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**
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	**420**					**420**
RJ Carpenter	**180**					**180**
S Mhlarhi	**240**					**240**
WF Urmson	**360**					**360**
Alternate						
PE Sacco	**36**	**1 693**	**7 270**	**435**	**253**	**9 687**
	1 634	**15 298**	**42 487**	**2 834**	**1 570**	**63 823**
2013						
Executive						
Desmond Sacco (Chairman)	110	4 264	355	–	613	5 342
CJ Cory (Chief Executive Officer)	96	4 364	14 406	1 121	376	20 363
PC Crous (retired 31 August 2012)	16	615	–	158	40 365	41 154
AD Stalker (appointed Group Marketing Director 1 September 2012)	86	2 180	9 552	560	248	12 626
BH van Aswegen (appointed Group Technical Director 1 September 2012)	80	2 103	9 497	537	288	12 505
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	385					385
RJ Carpenter	165					165
S Mhlarhi (appointed 15 October 2012)	162					162
WF Urmson	318					318
Alternate						
PE Sacco	36	1 540	7 176	387	267	9 406
	1 454	15 066	40 986	2 763	42 157	102 426

1. *For more detail relating to the group's remuneration policy and structure, refer "Remuneration" on pages 18 and 19.*
2. *Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, study loan benefits, use of assets and unemployment insurance fund contributions.*
3. *Other benefits paid to Mr PC Crous in 2013, include an ex gratia payment on his retirement after 21 years' service to the group.*

Directors' report continued

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2014 were as follows:

	Direct beneficial number of shares 2014	**Indirect beneficial number of shares 2014**	Direct beneficial number of shares 2013	Indirect beneficial number of shares 2013
Executive directors				
Desmond Sacco	**883 380**	**32 430 490**	868 500	32 430 490
CJ Cory	**50 000**	**–**	50 000	–
PC Crous	**–**	**–**	–	–
AD Stalker	**–**	**–**	–	–
BH van Aswegen	**4 505**	**–**	4 505	–
Non-executive directors				
EM Southey	**–**	**–**	–	–
RJ Carpenter	**5 000**	**–**	25 000	–
S Mhlarhi	**–**	**–**	–	–
WF Urmson	**–**	**–**	–	–
Alternate director				
PE Sacco	**217 380**	**–**	202 500	–
	1 160 265	**32 430 490**	1 150 505	32 430 490

Subsequent to the year end, Mr Desmond Sacco acquired 1 080 shares in a direct beneficial capacity on 12 September 2014.

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.

There have been no changes to the board of directors of the company since the previous integrated annual report was published.

In terms of the Memorandum of Incorporation (MoI), Messrs RJ Carpenter and S Mhlarhi are required to retire by rotation at the forthcoming Annual General Meeting (AGM). 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 126).

DIVIDENDS

	2014 R'000	2013 R'000
Dividends declared during the year		
Final dividend No 113 of 350 cents (2013: 300 cents) per share – declared 27 August 2013	**488 624**	418 821
Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	**628 232**	349 018
Less: Dividends attributable to treasury shares	**(291 200)**	(200 200)
	825 656	567 639
Dividends relating to results of the group for the year under review		
Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	**628 232**	349 018
Final dividend No 115 of 550 cents (2013: 350 cents) per share – declared on 3 September 2014	**767 839**	488 625
Less: Dividends attributable to treasury shares	**(364 000)**	(218 400)
	1 032 071	619 243

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 2014. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2014 Number of shares	**%**	2013 Number of shares	%
Shareholder spread				
Shares held by the non-public/public				
Non-public*				
– Holders in excess of 10% of the share capital	**105 021 450**	**75,23**	105 021 450	75,23
– Directors of the company (direct and beneficial)	**1 160 265**	**0,83**	1 150 505	0,82
	106 181 715	**76,06**	106 171 955	76,05
Public shareholders 1 945 (2013: 1 983)	**33 425 285**	**23,94**	33 435 045	23,95
	139 607 000	**100,00**	139 607 000	100,00

** As defined by Rule 4.25 of the JSE Listings Requirements.*

	2014 Number of shares	**%**	2013 Number of shares	%
Major shareholders				
Oresteel Investments Proprietary Limited	**73 190 000**	**52,43**	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 Boleng Trust and Assore Limited respectively)*	**15 367 000**	**11,01**	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)*.	**16 464 450**	**11,79**	16 464 450	11,79
	105 021 450	**75,23**	105 021 450	75,23
Directors of the company	**1 160 265**	**0,83**	1 150 505	0,82
Others – less than 5%	**33 425 285**	**23,94**	33 435 045	23,95
	139 607 000	**100,00**	139 607 000	100,00

** Refer "Black economic empowerment status report" on page 41.*

SPECIAL RESOLUTIONS

The following special resolutions were passed on 27 November 2013:

- That the company approve and adopt the Memorandum of Incorporation as tabled at its annual general meeting on 27 November 2013.
- 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 2 September 2014, the board declared a final dividend of 550 cents per share amounting to R767,8 million, which was paid to shareholders on 29 September 2014.

Consolidated statement of financial position

AS AT 30 JUNE 2014

	Note	2014 R'000	Restated* 2013 R'000	Restated* 2012 R'000
ASSETS				
Non-current assets				
Investment in jointly controlled entity	1	**14 768 170**	12 946 015	11 353 539
Property, plant and equipment	2	**525 849**	484 055	460 678
Intangible assets	3	**26 342**	26 522	26 702
Investments				
– available-for-sale investments	4	**377 988**	178 430	239 333
– other	4	**46 613**	41 963	34 724
Pension fund surplus	33	**56 973**	12 315	–
		15 801 935	13 689 300	12 114 976
Current assets				
Inventories	5	**627 190**	426 292	275 831
Trade and other receivables	6	**383 923**	250 711	192 704
Cash resources		**2 144 598**	1 703 746	1 051 329
		3 155 711	2 380 749	1 519 864
Total assets		**18 957 646**	16 070 049	13 634 840
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	7	**698**	698	698
Share premium	8	**264 092**	264 092	264 092
Treasury shares	9	**(5 051 583)**	(5 051 583)	(5 051 583)
Retained earnings		**21 935 592**	18 756 125	15 896 786
Other reserves	10	**153 793**	62 046	79 758
Equity attributable to shareholders of the parent		**17 302 592**	14 031 378	11 189 751
Non-controlling interests		**150 271**	128 910	126 858
Total equity		**17 452 863**	14 160 288	11 316 609
Non-current liabilities				
Long-term borrowings	11	**346 100**	846 100	1 596 100
Deferred taxation	12	**63 426**	43 622	44 835
Long-term provisions	14	**23 382**	22 690	34 671
Pension fund obligation		**–**	–	14 793
Share-based payment liability	13	**3 752**	1 992	–
		436 660	914 404	1 690 399
Current liabilities				
Trade and other payables	15	**447 104**	545 978	358 083
Taxation		**29 279**	39 342	26 606
Short-term provisions	16	**53 152**	60 613	51 124
Overdrafts	17	**538 588**	349 424	192 019
		1 068 123	995 357	627 832
Total equity and liabilities		**18 957 646**	16 070 049	13 634 840

**Refer item 1.2.2 in the accounting policies.*

Consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	Restated 2013 R'000
Revenue	18	**2 894 596**	1 964 409
Turnover		**1 768 561**	999 280
Cost of sales		**(1 649 450)**	(934 228)
Gross profit		**119 111**	65 052
Add: Other income			
Commissions on sales and technical fees	18	**926 060**	868 364
Foreign exchange gains	20	**364**	1 428
Investment income	18	**130 890**	64 443
Profit on disposal of available-for-sale investments		**–**	27 850
Sundry		**69 130**	20 083
Less: Other expenses			
Finance costs	19	**(61 152)**	(91 237)
Foreign exchange losses	20	**(53)**	(85)
Mining royalty taxes		**(1 208)**	(1 044)
Staff remuneration and benefits		**(305 321)**	(305 701)
Sundry expenses		**(179 768)**	(140 700)
Profit before taxation	20	**698 053**	508 453
Taxation	21	**(240 486)**	(171 227)
Profit after taxation, before joint venture		**457 567**	337 226
Share of profit from joint venture, after taxation		**3 572 155**	3 092 476
Profit for the year		**4 029 722**	3 429 702
Attributable to:			
Shareholders of the holding company		**4 005 123**	3 426 978
Non-controlling shareholders		**24 599**	2 724
As above		**4 029 722**	3 429 702
Earnings per share (cents) (basic and diluted)	22	**3 881**	3 320

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2014

	2014 R'000	Restated 2013 R'000
Profit for the year (as above)	**4 029 722**	3 429 702
Items that may be reclassified into the income statement dependent on the outcome of a future event	**57 407**	(29 915)
Reclassification of fair value gain on disposal of available-for-sale investments, after taxation, included in the income statement, previously recognised in comprehensive income	**–**	(22 657)
Profit on disposal of available-for-sale investments (as above)	**–**	(27 850)
Deferred capital gains tax thereon	**–**	5 193
Gain on revaluation to market value of available-for-sale investments, after taxation	**52 434**	(19 465)
Gain on revaluation to market value of available-for-sale investments	**59 452**	(23 928)
Deferred capital gains tax thereon	**(7 018)**	4 463
Exchange differences on translation of foreign operations	**4 973**	12 207
Items that may not be reclassified into the income statement dependent on the outcome of a future event		
Actuarial gains on pension fund after taxation	**36 776**	18 185
Total comprehensive income for the year, net of tax	**4 123 905**	3 417 972
Attributable to:		
Shareholders of the holding company	**4 096 869**	3 409 266
Non-controlling shareholders	**27 036**	8 706
As above	**4 123 905**	3 417 972

Consolidated statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	Restated 2013 R'000
Cash utilised in operating activities		**(725 162)**	(230 061)
Net cash generated by operations		**292 267**	522 259
Cash generated by operations	24.1	**702 926**	574 976
Dividend income	18	**18 104**	8 436
Movements in working capital	24.2	**(428 763)**	(61 153)
Interest income	18	**112 786**	56 007
Finance costs	24.3	**(46 820)**	(77 178)
Taxation paid	24.4	**(252 065)**	(157 211)
Dividends paid to shareholders of the holding company	24.5	**(825 655)**	(567 284)
Dividends paid to non-controlling interest		**(5 675)**	(6 654)
Cash retained from investing activities		**1 476 850**	1 475 073
Acquisition of:			
– available-for-sale investments	4	**(161 926)**	–
– other investments		**(4 650)**	(7 239)
Additions to property, plant and equipment	2	**(93 670)**	(76 694)
Dividends received from joint venture		**1 750 000**	1 500 000
Net movement in environmental rehabilitation trust funds		**(14 123)**	16 771
Proceeds on disposal of:			
– property, plant and equipment		**1 219**	5 260
– available-for-sale investments	24.6	**–**	36 975
Cash utilised in financing activities		**(310 836)**	(592 595)
Preference shares redeemed	11	**(500 000)**	(750 000)
Overdrafts	17	**189 164**	157 405
Cash resources			
– increase for the year		**440 852**	652 417
– at beginning of year		**1 703 746**	1 051 329
– at end of year	24.7	**2 144 598**	1 703 746

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	Restated 2013 R'000
Share capital			
Balance at beginning and end of year	7	**698**	698
Share premium			
Balance at beginning and end of year	8	**264 092**	264 092
Treasury shares			
Balance at beginning and end of year	9	**(5 051 583)**	(5 051 583)
Retained earnings			
Balance at beginning of year		**18 756 125**	15 907 437
Change in accounting policy*		**–**	(10 651)
		18 756 125	15 896 786
Profit for the year		**4 005 123**	3 426 978
Ordinary dividends declared during the year		**(825 656)**	(567 639)
Final dividend No 113 of 350 cents (2013: 300 cents) per share – declared on 27 August 2013		**(488 624)**	(418 821)
Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014		**(628 232)**	(349 018)
Dividends attributable to treasury shares		**291 200**	200 200
Balance at end of year		**21 935 592**	18 756 125
Other reserves			
Balance at beginning of year		**62 046**	79 758
Other comprehensive income/(loss) for the year		**54 971**	(35 897)
– profit after tax on the disposal of available-for-sale investments		**–**	(22 657)
– gain/(loss) after tax arising on revaluation of available-for-sale investments to market value at year-end		**52 434**	(19 465)
– foreign currency translation reserve arising on consolidation		**2 537**	6 225
Actuarial gains on pension fund after taxation		**36 776**	18 185
Balance at end of year	10	**153 793**	62 046
Equity attributable to shareholder of the parent		**17 302 592**	14 031 378
Non-controlling interests			
Balance at beginning of year		**128 910**	126 858
Share of total comprehensive income		**21 361**	2 052
– profit for the year		**24 599**	2 724
– other comprehensive income		**2 437**	5 982
Dividends paid to non-controlling shareholders		**(5 675)**	(6 654)
		150 271	128 910
Total equity		**17 452 863**	14 160 288

**Refer item 1.2.2 in the accounting policies.*

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2014

1 INVESTMENT IN JOINTLY CONTROLLED ENTITY

The group's principal investment is a 50% (2013: 50%) interest in Assmang, a South African company which it jointly controls with African Rainbow Minerals Limited (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 2014.

	2014 R'000	Restated 2013 R'000
Abridged income statement of Assmang		
Turnover	**27 561 503**	25 003 167
Profit before taxation	**9 892 013**	8 700 829
Taxation	**(2 722 755)**	(2 490 927)
Total comprehensive income (group interest therein 50% (2013: 50%))	**7 169 258**	6 209 902
Dividends declared during the year	**3 500 000**	3 000 000
Abridged statement of financial position of Assmang		
Total assets		
Non-current assets	**23 082 111**	20 057 500
Current assets		
Inventories	**4 426 867**	4 252 382
Trade and other receivables	**4 822 595**	4 831 525
Financial assets	**112 130**	–
Cash and cash equivalents	**5 975 535**	5 333 705
	38 419 238	34 475 112
Total liabilities		
Non-current liabilities		
Deferred taxation	**5 072 665**	4 771 611
Long-term provisions	**913 143**	797 987
Current liabilities		
Trade and other payables	**2 231 894**	2 238 269
Short-term provisions	**585 290**	504 599
Taxation	**345 772**	561 430
	9 148 764	8 873 896
Net assets	**29 270 474**	25 601 216
Proportion of the group's ownership	**50%**	50%
Carrying amount of investment		
Opening balance	**12 946 015**	11 353 539
Share of profit after taxation	**3 572 155**	3 092 476
Less: Dividends received	**(1 750 000)**	(1 500 000)
	14 768 170	12 946 015
Capital expenditure	**3 643 143**	4 064 104
Capital commitments	**7 644 668**	3 682 506
– contracted for	**1 899 469**	1 916 464
– not contracted for	**5 745 199**	1 766 042

Refer note 31 for the segmental analysis of Assmang, under "Joint venture mining and beneficiation".

1 INVESTMENT IN JOINTLY CONTROLLED ENTITY (continued)

	2014 R'000	Restated 2013 R'000
Impairment of assets		
The carrying value of two furnaces and raw material system at Machadodorp Works were fully impaired at year-end by the amount of R519,9 million as no future benefits will arise from these assets.	**519 880**	–
Furnaces in the amount of R311,8 million at Cato Ridge and Machadodorp Works in Assmang were fully impaired at year-end, as no future benefit will arise from these assets.	**–**	311 838

2 PROPERTY, PLANT AND EQUIPMENT

	Cost 2014 R'000	Accumulated depreciation and impairment charges 2014 R'000	Carrying amount 2014 R'000	Cost Restated 2013 R'000	Accumulated depreciation and impairment charges Restated 2013 R'000	Carrying amount Restated 2013 R'000
At year-end						
Land and buildings	**148 006**	**(31 442)**	**116 564**	142 543	(27 353)	115 190
Plant, machinery and equipment	**317 636**	**(166 135)**	**151 501**	317 632	(146 810)	170 822
Vehicles	**30 120**	**(19 017)**	**11 103**	27 806	(18 171)	9 635
Furniture and fittings	**9 251**	**(5 990)**	**3 261**	8 516	(5 589)	2 927
Office equipment	**8 158**	**(5 574)**	**2 584**	7 500	(5 283)	2 217
Computer hardware	**22 276**	**(15 744)**	**6 532**	18 209	(8 000)	10 209
Computer software	**53 986**	**(40 882)**	**13 104**	53 150	(28 492)	24 658
Prospecting, exploration, mine development and decommissioning assets	**145 863**	**(17 714)**	**128 149**	63 164	(11 602)	51 562
Mineral and prospecting rights	**3 037**	**(1 140)**	**1 897**	3 037	(1 070)	1 967
Capital work-in-progress	**91 154**	**–**	**91 154**	94 868	–	94 868
	829 487	**(303 638)**	**525 849**	736 425	(252 370)	484 055

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

2 PROPERTY, PLANT AND EQUIPMENT (continued)

	Restated 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
Movement for the year – 2014						
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 and fittings	**2 927**	**760**	**(25)**	**–**	**(401)**	**3 261**
Office equipment	**2 217**	**885**	**(223)**	**(4)**	**(291)**	**2 584**
Computer hardware	**10 209**	**4 357**	**(290)**	**–**	**(7 744)**	**6 532**
Computer software	**24 658**	**836**	**–**	**–**	**(12 390)**	**13 104**
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**
	484 055	**93 670**	**(608)**	**–**	**(51 268)**	**525 849**
Movement for the year restated – 2013						
Land and buildings	118 748	494	(17)	–	(4 035)	115 190
Plant, machinery and equipment	194 217	410	(1 964)	–	(21 841)	170 822
Vehicles	9 587	1 428	(688)	–	(692)	9 635
Furniture and fittings	2 851	596	(79)	(124)	(317)	2 927
Office equipment	2 223	88	–	124	(218)	2 217
Computer hardware	9 011	4 119	(2)		(2 919)	10 209
Computer software	39 974	3 805	–	–	(19 121)	24 658
Prospecting, exploration, mine development and decommissioning assets	20 351	32 562	(129)	–	(1 222)	51 562
Mineral and prospecting rights	2 040	–	–	–	(73)	1 967
Capital work-in-progress	61 676	33 192	–	–	–	94 868
	460 678	76 694	(2 879)	–	(50 438)	484 055

Impairment of assets

	2014 R'000	2013 R'000
Management's previous estimate of economically extractable chrome concentrate from "tailings" material at Zeerust Chrome Mines Limited (Zeerust) was reassessed and it has become evident that the material cannot be processed economically. Accordingly, the assets have been impaired, since the value-in-use has been determined at zero.	**16 982**	–

		2014 R'000	Restated 2013 R'000
3	**INTANGIBLE ASSETS**		
	Licences		
	Carrying amount at beginning of year	**789**	969
	Amortisation for the year	**(180)**	(180)
	Carrying amount at end of year	**609**	789
	Goodwill		
	Carrying amount at beginning and end of year	**25 733**	25 733
		26 342	26 522
	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 Proprietary Limited (Groupline) in the prior year, 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 amortised.		
	Goodwill arises in the following entities:		
	Minerais U.S. LLC	**1 418**	1 418
	Groupline	**24 315**	24 315
	As above	**25 733**	25 733
4	**INVESTMENTS**		
	Available-for-sale investments		
	Listed – at market value		
	– balance at beginning of year	**178 430**	239 333
	– purchases at cost during the year	**161 926**	–
	– disposals at carrying value	**–**	(36 975)
	– fair value adjustment (including impairment) at year-end	**37 632**	(23 928)
	Balance at end of year (refer below)	**377 988**	178 430
	Made up as follows:		
	Listed investments – at cost	**293 440**	157 842
	Cumulative fair value adjustment included in other reserves (refer note 10)	**84 548**	20 588
	As above	**377 988**	178 430
	Other unlisted investments – at market value	**46 613**	41 963
		424 601	220 393
5	**INVENTORIES**		
	Raw materials	**586 788**	394 351
	Consumable stores	**23 509**	22 642
	Work-in-progress	**185**	929
	Finished goods	**16 708**	8 370
		627 190	426 292
	Cost of inventory recognised as an expense included in cost of sales	**1 448 552**	783 767
	Cost of inventory written down during the year recognised in cost of sales (refer note 20)	**341**	14 960
6	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**224 315**	129 288
	Other receivables	**159 608**	121 423
		383 923	250 711
	Trade receivables are non-interest-bearing and the terms range between 30 and 60 days (for information on credit risk refer note 25.1).		

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

		2014 R'000	Restated 2013 R'000
7	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2013: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year 139 607 000 (2013: 139 607 000) ordinary shares of 0,5 cents each	**698**	698
8	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092
9	**TREASURY SHARES**		
	36 400 000 (2013: 36 400 000) ordinary shares in Assore Limited: Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS904)	**(2 692 555)**	(2 692 555)
	– 16 464 450 shares (11,79% of the issued share capital), acquired on 19 August 2011 at R163,00 per share	**(2 683 705)**	(2 683 705)
	– securities transfer taxation thereon	**(8 850)**	(8 850)
	Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)	**(2 359 028)**	(2 359 028)
	– 19 935 550 shares (14,28% of the issued share capital) acquired between the 2006 to 2010 financial years at an average cost of R118,00 per share	**(2 352 354)**	(2 352 354)
	– transaction and warehousing costs thereon	**(6 674)**	(6 674)
	Balance at beginning and end of year	**(5 051 583)**	(5 051 583)
10	**OTHER RESERVES**		
	Foreign currency translation reserve arising on consolidation	**29 538**	27 112
	Accumulated actuarial gains on pension fund	**54 961**	18 185
	– balance at beginning of year	**18 185**	–
	– per statement at other comprehensive income	**36 776**	18 185
	– actuarial gains for the year (net)	**51 078**	25 257
	Less: deferred capital gains taxation thereon (refer note 12)	**(14 302)**	(7 072)
	After-tax fair value adjustment arising on the revaluation of available-for-sale investments	**69 294**	16 749
	– gross fair value adjustment	**84 548**	20 588
	– *less:* deferred capital gains taxation thereon	**(15 254)**	(3 839)
		153 793	62 046

		2014 R'000	Restated 2013 R'000
11	**LONG-TERM BORROWINGS**		
	3 461 (2013: 8 461) 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	**846 100**	1 596 100
	Voluntary redemptions during the year:		
	12 March 2013 – 7 500 shares	**–**	(750 000)
	24 March 2014 – 5 000 shares	**(500 000)**	–
	Balance 3 461 (2013: 8 461) shares to be redeemed by latest 24 February 2016.	**346 100**	846 100
	Dividends paid on the preference shares during the year were as follows:		
	On 7 October 2013	**27 859**	65 581
	On 5 March 2014, upon voluntary redemption of 5 000 (2013: 7 500) shares	**15 126**	2 329
	On 7 April 2014	**11 196**	20 884
		54 181	88 794
12	**DEFERRED TAXATION**		
	At year-end		
	Arising on temporary differences		
	– accelerated capital allowances	**55 022**	50 544
	– provisions raised	**(14 507)**	(13 436)
	– valuations of inventories	**(103)**	(103)
	– income received in advance	**(3 313)**	(670)
	– pension fund surplus	**15 470**	3 448
	– revaluation of available-for-sale investments	**10 857**	3 839
		63 426	43 622
	Movements		
	Balance at beginning of year	**43 622**	44 835
	Movements for the current year:		
	Reversal of temporary differences (income statement)	**(1 516)**	1 280
	– accelerated capital allowances	**4 478**	8 954
	– provisions reversed	**(3 351)**	(5 140)
	– valuation of inventories	**–**	(41)
	– unearned revenue	**(2 643)**	(2 493)
	Arising from temporary differences (other comprehensive income)		
	– revaluation of available-for-sale investments	**7 018**	(9 565)
	– actuarial gains on pension fund	**14 302**	7 072
	Balance at end of year	**63 426**	43 622

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

		2014 R'000	Restated 2013 R'000
13	**SHARE-BASED PAYMENT LIABILITY**		
	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.	**3 752**	1 992
	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 EPRs 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 amounted to 51 323 (2013: 35 765) rights, and have a combined intrinsic value of R1 417 000 (2013: R2 256 000).		
	The following assumptions were used in determining the fair value of the EPRs: – dividend yield, between 1,21% and 2,44% (2013: 0,97% and 1,56%) – expected volatility, between 38,39% and 39,54% (2013: 38,86% and 39,40%) – risk-free rate between 5,25% and 8,90% (2013: 4,80% and 8,75%)		
14	**LONG-TERM PROVISIONS**		
	Provision against cost of decommissioning assets	**3 784**	5 030
	Balance at beginning of year	**5 030**	14 826
	Provisions reversed during the year	**(573)**	(9 788)
	Unwinding of discount	**467**	278
	Reallocation to provision for environmental restoration	**(1 140)**	(286)
	Provision for cost of environmental restoration	**16 110**	15 271
	Balance at beginning of year	**15 271**	19 845
	Provisions raised during the year	**(1 097)**	(5 722)
	Unwinding of discount	**796**	862
	Reallocation from provision for decommissioning assets	**1 140**	286
	Leave pay	**3 488**	2 389
	Balance at beginning of year	**2 389**	–
	Transfer from short-term provisions (refer note 16)	**1 099**	2 389
	Balance at end of year	**23 382**	22 690
	The inflation rates applied to cost estimates used in the discounted cash flow to determine the provision for environmental rehabilitation vary between 6,5% ad 8,5% (2013: 6% and 8%) and the nominal discount rates vary between 6% and 8,5% (2013: 6% and 9,5%).		
15	**TRADE AND OTHER PAYABLES**		
	Trade payables	**376 970**	505 415
	Other payables	**70 134**	40 563
		447 104	545 978
	Trade and other payables are non-interest-bearing, and their terms are between 30 and 60 days.		

		2014 R'000	Restated 2013 R'000
16	**SHORT-TERM PROVISIONS**		
	Bonuses		
	Balance at beginning of year	**24 549**	14 642
	Provisions raised during the year	**12 697**	24 963
	Payments made during the year	**(21 052)**	(15 056)
	Balance at end of year	**16 194**	24 549
	Leave pay		
	Balance at beginning of year	**10 882**	12 546
	Provisions raised during the year	**1 871**	1 127
	Payments made during the year	**(434)**	(402)
	Transfer to long-term provisions (refer note 14)	**(1 099)**	(2 389)
	Balance at end of year	**11 220**	10 882
	Environmental restoration		
	Balance at beginning of year	**25 182**	23 936
	Provisions raised during the year	**10 939**	6 908
	Payment made during the year	**(10 383)**	(5 662)
	Balance at end of year	**25 738**	25 182
		53 152	60 613
17	**OVERDRAFTS**		
	Owing at end of year	**538 588**	349 424
	Foreign subsidiary, Minerais U.S. LLC, maintains a US dollar denominated overdraft facility with SBSA which enables it to borrow up to an aggregate of US$70 million (2013: US$50 million) for working capital purposes. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% (2013: 0,75%) above LIBOR which at year-end was 0,1000% (2013: 0,1695%). Overdraft borrowings mature daily and are guaranteed by Assore.		
18	**REVENUE**		
	Revenue comprises:		
	Sales of mining and beneficiated products	**1 768 561**	999 280
	Commissions on sales and net technical fees	**926 060**	868 364
	Foreign commissions received	**33 010**	29 844
	Interest received	**112 786**	56 007
	Dividends received from available-for-sale investments	**18 104**	8 436
	Other	**36 075**	2 478
		2 894 596	1 964 409

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

		2014 R'000	Restated 2013 R'000
19	**FINANCE COSTS**		
	Paid and accrued on:		
	Preference shares (refer note 11)	**54 181**	88 794
	Unwinding of discount	**1 263**	1 140
	General banking facilities	**5 708**	1 303
		61 152	91 237
20	**PROFIT BEFORE TAXATION**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Foreign exchange gains	**364**	1 428
	– realised	**225**	871
	– unrealised	**139**	557
	Expenditure		
	Amortisation of intangible assets (refer note 3)	**180**	180
	Auditors' remuneration		
	– audit fees	**3 224**	3 154
	– other services	**387**	–
	Cost of inventories written down (refer note 5)	**341**	14 960
	Depreciation and impairment charges (refer note 2)	**51 268**	50 438
	Depreciation	**34 286**	50 438
	– land and buildings	**704**	4 035
	– plant, machinery and equipment	**13 309**	21 841
	– vehicles	**846**	692
	– furniture and fittings	**401**	317
	– office equipment	**291**	218
	– computer hardware	**1 918**	2 919
	– computer software	**12 390**	19 121
	– prospecting, exploration, mine development and decommissioning assets	**4 357**	1 222
	– mineral and prospecting rights	**70**	73
	Impairment arising on review of carrying values	**16 982**	–
	Impairment of available-for-sale investments	**26 327**	–
	Profit on disposal of property, plant and equipment	**(611)**	(2 381)
	Foreign exchange losses	**53**	85
	– realised	**31**	49
	– unrealised	**22**	36
	Operating lease expenses	**912**	624
	Professional fees	**10 528**	9 469
	Secretarial fees	**541**	549
	Information technology costs	**16 588**	13 264
	Staff costs		
	– salaries and wages (including executive directors' emoluments)	**293 941**	283 854
	– pension fund costs (refer note 33)	**32 360**	28 804
	– contributions to medical aid funds	**5 112**	4 406

		2014 R'000	Restated 2013 R'000
21	**TAXATION**		
	South African normal taxation		
	– current year	**218 444**	155 201
	– under/(over)provisions relating to prior years	**2 831**	(295)
	Capital gains taxation on disposal of available-for-sale investments	**–**	5 194
	Deferred taxation		
	– reversal of temporary differences in current year (refer note 12)	**(1 516)**	1 280
	Securities transfer taxation on redemption of preference dividends	**1 490**	3 252
	Dividends withholding tax, paid on dividends declared by structured entities	**10 944**	–
	Foreign taxation		
	– current by foreign subsidiary	**8 293**	6 595
		240 486	171 227
	The current tax charge is affected by non-taxable investment income and assessed tax losses in certain subsidiary companies and trading losses in other subsidiary companies for which there was no tax relief.		
	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	**155 570**	141 124
	Estimated unredeemed capital expenditure available for the reduction of future taxable income arising from mining operations in certain subsidiary companies	**190 707**	116 938
	Reconciliation of tax charge as a percentage of profit before taxation	**%**	%
	Statutory tax rate	**28,00**	28,00
	Adjusted for:		
	Capital gains tax	**–**	0,29
	Securities transfer tax	**0,06**	0,18
	Dividend withholding tax	**1,56**	0,01
	Disallowable expenditure	**6,89**	5,62
	Exempt income	**(1,67)**	(1,40)
	Other items	**(0,39)**	0,98
	Effective tax rate	**34,45**	33,68

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

		2014	Restated 2013
22	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings per share (cents) (basic and diluted)	**3 881**	3 320
	Headline earnings per share (cents) (basic and diluted)	**4 098**	3 424
	The above calculations were determined using the following information:	**R'000**	R'000
	Earnings		
	Profit attributable to shareholders of the holding company	**4 005 123**	3 426 978
	Headline earnings		
	Earnings as above	**4 005 123**	3 426 978
	Adjusted for:		
	Profit on disposal of available-for-sale investments	**–**	(22 657)
	– before taxation	**–**	(27 850)
	– taxation effect	**–**	5 193
	Impairment of financial assets	**21 418**	–
	– before taxation	**26 327**	–
	– taxation effect	**(4 909)**	–
	Impairment of non-financial assets in joint venture	**185 911**	112 261
	– before taxation	**259 940**	155 919
	– taxation effect	**(74 029)**	(43 658)
	Impairment of non-financial assets in subsidiaries	**16 982**	–
	– before taxation	**16 982**	–
	– taxation effect	**–**	–
	Loss on disposal of fixed assets in joint venture	**896**	18 955
	– before taxation	**1 153**	25 902
	– taxation effect	**(257)**	(6 947)
	Profit on disposal of fixed assets in subsidiaries	**(440)**	(1 714)
	– before taxation	**(611)**	(2 381)
	– taxation effect	**171**	667
		4 229 890	3 533 823
	Shares in issue		
	Weighted number of ordinary shares in issue ('000)		
	Ordinary shares in issue	**139 607**	139 607
	Treasury shares held in trust (refer note 9)	**(36 400)**	(36 400)
	Weighted average number of shares in issue for the year	**103 207**	103 207
23	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 113 of 350 cents (2013: 300 cents) per share – declared on 27 August 2013	**488 624**	418 821
	Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	**628 232**	349 018
	Total dividend for the year	**1 116 856**	767 839
	Less: Dividends attributable to treasury shares	**(291 200)**	(200 200)
		825 656	567 639
	Per share (cents)	**800**	550
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	**628 232**	349 018
	Final dividend No 115 of 550 cents (2013: 350 cents) per share – declared on 3 September 2014	**767 839**	488 625
	Less: Dividends attributable to treasury shares	**(364 000)**	(218 400)
		1 032 071	619 243
	Per share (cents)	**1 000**	600

		2014 R'000	Restated 2013 R'000
24	**NOTES TO THE STATEMENT OF CASH FLOW**		
24.1	**Cash generated by operations**		
	Profit before taxation	**698 053**	508 453
	Adjusted for:	**4 873**	66 523
	– interest received	**(112 786)**	(56 007)
	– dividends received	**(18 104)**	(8 436)
	– profit on disposal of property, plant and equipment	**(611)**	(2 381)
	– profit on disposal of available-for-sale investments	**–**	(27 850)
	– net foreign exchange gains	**(311)**	(1 343)
	– cost of inventories written down	**341**	14 960
	– depreciation of property, plant and equipment	**34 286**	50 438
	– impairment of non-financial assets	**16 982**	–
	– amortisation of intangibles	**180**	180
	– finance costs	**61 152**	91 237
	– impairment of financial assets	**26 327**	–
	– decrease/(increase) in long-term provisions	**692**	(11 981)
	– (Increase)/decrease in short-term provisions	**(7 461)**	9 489
	– cash-settled share-based payment charges	**1 760**	1 992
	– foreign currency translation reserve arising on consolidation	**2 426**	*6 225*
		702 926	574 976
24.2	**Movements in working capital**		
	Increase in inventories	**(200 898)**	(150 461)
	Movement in foreign currency translation	**36 090**	(19 460)
	Increase in trade and other receivables	**(133 212)**	(58 007)
	Increase in trade and other payables	**(98 874)**	187 895
	Payments against short-term provisions	**(31 869)**	(21 120)
		(428 763)	(61 153)
24.3	**Finance costs**		
	Finance costs per income statement	**61 152**	91 237
	Unwinding of discount on environmental obligations (refer note 14)	**(1 263)**	(1 140)
	Accrual raised for preference share dividend	**(13 069)**	(12 919)
		46 820	77 178
24.4	**Taxation paid**		
	Unpaid at beginning of year	**(39 342)**	(26 606)
	Charged to the income statement	**(240 486)**	(171 227)
	Movement in deferred taxation	**(1 516)**	1 280
	Unpaid at end of year	**29 279**	39 342
		(252 065)	(157 211)
24.5	**Dividends paid**		
	Unpaid at beginning of year	**(1 267)**	(912)
	Declared during the year	**(1 116 856)**	(767 839)
	Dividends attributable to treasury shares	**291 200**	200 200
	Unpaid at end of year	**1 268**	1 267
		(825 655)	(567 284)
24.6	**Proceeds on disposal of available-for-sale investments (refer note 4)**		
	Cost at acquisition	**–**	9 125
	Profit on disposal (refer note 24.1)	**–**	27 850
		–	36 975
24.7	**Cash and cash equivalents**		
	Cash on deposits	**2 118 609**	1 652 217
	Current accounts	**25 989**	51 529
		2 144 598	1 703 746

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

25 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 policies 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 committees 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.

25.1 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 financial assets held and recognised in the statement of financial position:

	2014 R'000	Restated 2013 R'000
Cash resources	**2 144 598**	1 703 746
Trade receivables	**224 315**	129 288
– local	**5 189**	32 444
– foreign	**219 126**	96 844
Other receivables	**159 608**	121 423
	2 528 521	1 954 457

25 FINANCIAL RISK MANAGEMENT (continued)

25.1 Credit risk (continued)

Ageing of receivables

	2014 Carrying value of receivables not impaired R'000	Restated 2013 Carrying value of receivables not impaired R'000
Trade receivables	**224 315**	129 288
Not past due, not impaired	**218 262**	124 012
Past due, not impaired as considered recoverable	**6 053**	5 276
Other receivables	**159 608**	121 423
Not past due, not impaired	**159 608**	121 423
	383 923	250 711

25.2 Liquidity risk

The Executive Committee manages the liquidity structure of the group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the group as a whole. Updated cash flow information and projections of future cash flows are received by the executive committees 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, the borrowing powers are unlimited. However, based on their respective MoIs, restrictions on the following joint-venture and subsidiary companies are in place. External borrowings at year-end amounted to R538,6 million (2013: R349,4 million).

	2014 R'000	Restated 2013 R'000
Minerais U.S. LLC		
Authorised in terms of its certificate of formation	**740 691**	497 755
External borrowings at year-end	**(538 588)**	(349 424)
	202 103	148 331

The general banking facilities made available to group companies are unsecured, bear interest at rates linked to prime or LIBOR, have no specific maturity date and are subject to annual review by the banks concerned. The facilities are in place to issue letters of credit, bank guarantees and to ensure liquidity.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

25 FINANCIAL RISK MANAGEMENT (continued)

25.2 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:

			Contracted 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
2014						
Financial assets						
Investments	**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**	**–**	**–**	**–**
	2 953 122	**2 953 122**	**2 528 521**	**–**	**–**	**424 601**
Financial liabilities						
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**	**–**	**–**	**–**
	1 537 104	**1 561 882**	**1 203 521**	**12 621**	**346 100**	**–**
Restated						
2013						
Financial assets						
Investments	220 393	220 393	–	–	–	220 393
Trade and other receivables	250 711	250 711	250 711	–	–	–
Cash resources	1 703 746	1 703 746	1 703 746	–	–	–
	2 174 850	2 174 850	1 954 457	–	–	220 393
Financial liabilities						
Preference shares issued	846 100	973 549	–	527 710	445 839	–
Trade and other payables	545 978	545 978	545 978	–	–	–
Overdrafts	349 424	349 424	349 424	–	–	–
Guarantees	208 747	208 747	208 747	–	–	–
	1 950 249	2 077 698	1 104 149	527 710	445 839	–

25 FINANCIAL RISK MANAGEMENT (continued)

25.3 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 the executive committees where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency, interest rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the executive committees on a weekly basis, and forecasts against budget are prepared for the entire group on a monthly basis.

25.3.1 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 the group is not invested in any 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.

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

	2014 R'000	Restated 2013 R'000
Variable rate instruments		
Liabilities		
Preference shares (included in long-term borrowings (refer note 11))	**346 100**	846 100
Overdrafts (refer note 17)	**538 588**	349 424
Assets		
Cash resources	**2 144 598**	1 703 746
Fair value sensitivity analysis for fixed rate instruments		
The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.		
Cash flow sensitivity analysis for variable rate instruments		
An increase of 50 basis points in interest rates at the reporting date would have increased profit after tax by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the group's equity.		
Variable rate instruments	**4 536**	1 830

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.

25.3.2 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 metal and mineral prices. The group also has transactional foreign exchange exposures, which arise from sales or purchases by the group in currencies other than the group's functional currency. The market is predominantly priced in US dollars and to a lesser extent in euros which exposes the group to the risk that fluctuations in the 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 and payables are covered by forward exchange contracts, taking into account changes in operational forecasts and market conditions and the group's hedging policy (refer Forward exchange contracts and other commitments below).

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

25 FINANCIAL RISK MANAGEMENT (continued)

25.3 Market risk (continued)

25.3.2 Commodity price and currency risk (continued)

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

	2014 R'000	Restated 2013 R'000
Foreign receivables included in trade receivables		
– US dollar	**219 126**	96 844
Foreign overdraft facility		
– US dollar	**538 588**	349 424
Total exposure		
A 5% strengthening of the rand against the above currencies would have decreased profit after taxation by the following amounts as a result of revaluation of foreign receivables	**11 501**	9 093

A 5% weakening of the rand against the above mentioned currencies would have had an equal but opposite effect on profit after taxation, on the basis that all other variables remained constant.

Forward exchange contracts and other commitments

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

	2014 USD'000	Restated 2013 USD'000
US dollar value at open forward exchange contracts (FECs)	–	39 972
	R'000	R'000
Open FECs at year-end, based on contracted rates	–	397 624
At fair value at year-end spot rate	–	408 545
Unrealised profit arising on revaluation, included in other receivables	–	10 921

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:

	2014		Restated 2013	
	Foreign currency notional amount USD'000	**Presentation currency notional amount R'000**	Foreign currency notional amount USD'000	Presentation currency notional amount R'000
Purchase contracts				
US dollar	**31 800**	**336 485**	12 300	122 448
Sales contracts				
US dollar	**75 100**	**794 656**	33 700	335 487

Equity price risk

The group'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 industries. 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 R378,0 million (2013: R178,4 million). A decrease of 1% on the relevant market index would have an impact of approximately R3,8 million (2013: R1,8 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 or loss.

26 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

	Note	Available-for-sale investments R'000	Held-for-trading R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
2014						
Financial assets						
Investments	4	**424 601**	**–**	**–**		**424 601**
Trade and other receivables	6	**–**	**–**	**383 923**		**383 923**
Cash resources		**–**	**–**	**2 144 598**		**2 144 598**
		424 601	**–**	**2 528 521**		**2 953 122**
Financial liabilities						
Interest-bearing borrowings	11				**346 100**	**346 100**
Trade and other payables	15				**447 104**	**447 104**
Overdrafts	17				**538 588**	**538 588**
					1 331 792	**1 331 792**
Restated						
2013						
Financial assets						
Investments	4	220 393	–	–		220 393
Trade and other receivables*	6	–	10 921	239 790		250 711
Cash resources		–	–	1 703 746		1 703 746
		220 393	10 921	1 943 536		2 174 850
Financial liabilities						
Interest-bearing borrowings	11				846 100	846 100
Trade and other payables	15				545 978	545 978
Overdrafts	17				349 424	349 424
					1 741 502	1 741 502

** Included in trade and receivables are forward exchange contracts which are classified as held-for-trading.*

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

27 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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 by 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.
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. Assets requiring recurring fair value measurement at year-end were as follows:

	2014		
	Level 1 R'000	Level 2 R'000	Total R'000
Assets measured at fair value			
Available-for-sale investments	**377 988**	**–**	**377 988**
Other investments*	**46 613**	**–**	**46 613**
	424 601	**–**	**424 601**

	Restated 2013		
	Level 1 R'000	Level 2 R'000	Total R'000
Assets measured at fair value			
Available-for-sale investments	178 430	–	178 430
Other investments*	41 963	–	41 963
Forward exchange contracts#	–	10 921	10 921
	220 393	10 921	231 314

** During the year ended 30 June 2014, the "Other investments" were transferred from Level 2 to Level 1, due to the fact that 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.*
 # Forward exchange contracts, which are included in trade and other receivables, are measured based on bankers' quoted exchange rates.

28 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. Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on *inter alia* commodity selling price, the current estimated life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that as far as possible 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.

		2014 R'000	Restated 2013 R'000
29	**COMMITMENTS**		
	At year end the group has the following capital commitments:		
	Capital		
	Expenditure authorised and contracted for	**58 886**	59 093
	Expenditure authorised but not contracted for	**57 370**	25 946
		116 256	85 039
	Operating lease commitments		
	Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
	Within one year	**940**	863
	After one year but not more than five years	**2 245**	3 860
	The group's commitments will be met by cash on hand and future anticipated cash flows	**3 185**	4 723
30	**CONTINGENT LIABILITIES**		
	Guarantees issued to bankers to secure short-term export finance (refer below)	**180 000**	180 000
	Guarantees issued to the Department of Mineral Resources for rehabilitation required on the group's mines	**21 160**	21 160
	Performance guarantees issued to third parties by subsidiary companies	**4 152**	7 587
		205 312	208 747

Guarantee issued to bankers

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.

31 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)
- Chrome and charge chrome (Chrome division)

For purposes of presenting segmental information, disclosure is made of 100% value of the information pertaining to Assmang, with the adjustments necessary to give effect to the equity accounting method as required by IFRS 11 – *Joint Operations*, shown as part of the consolidation adjustments.

Marketing and shipping

In terms of the joint-venture arrangement with ARM, Assore and certain of its subsidiaries are responsible for the marketing sales 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 comprises the chrome operations managed by Rustenburg Minerals Development Company Proprietary Limited and Zeerust Chrome Mines Limited, as well as the pyrophyllite, ceramic and filtration operations of Wonderstone Limited.

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

Set out below are details of the group's business analysed by the reportable segments referred to on the previous page:

R'000	Joint-venture mining and beneficiation Iron Ore division	Manganese division	Chrome division	Sub-total	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation	Total
31 SEGMENTAL INFORMATION (continued)								
Year to 30 June 2014								
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
Intersegment	–	–	–	–	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)	(3 597 103)	4 029 722
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
Statement of financial position								
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
Other information								
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
Year to 30 June 2013 Restated								
Revenues								
Third party	15 962 985	7 450 238	1 876 674	25 289 897	1 508 351	456 058	(25 289 897)	1 964 409
Intersegment	–	–	–	–	5 098	–	(5 098)	–
Total revenues	15 962 985	7 450 238	1 876 674	25 289 897	1 513 449	456 058	(25 294 995)	1 964 409
Contribution to profit	5 517 176	827 117	(134 391)	6 209 902	369 761	(32 535)	(3 117 426)	3 429 702
Contribution to headline earnings	5 531 138	939 671	913	6 471 722	352 696	(54 734)	(3 235 861)	3 533 823
Statement of financial position								
Consolidated total assets	23 185 871	10 513 131	776 111	34 475 113	2 520 056	603 978	(21 529 098)	16 070 049
Other information								
Finance income	267 588	5 251	560	273 399	49 565	6 442	(273 399)	56 007
Finance costs	20 620	27 613	2 865	51 098	90 060	1 177	(51 098)	91 237
Depreciation and amortisation	1 180 245	533 190	101 729	1 815 164	14 436	36 182	(1 815 164)	50 618
Impairment charges	159 415	–	152 423	311 838	–	–	(311 838)	–
Taxation	2 177 137	421 510	(107 720)	2 490 927	168 302	2 925	(2 490 927)	171 227
Capital expenditure	2 709 139	1 222 950	132 015	4 064 104	9 264	67 430	(4 064 104)	76 694

31 SEGMENTAL INFORMATION (continued)

Geographical information

Geographical segment by location of customers

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

R'000	2014 Assmang revenue by segment	2014 Subsidiaries revenue by segment	2014 Total	Restated 2013 Assmang revenue by segment	Restated 2013 Subsidiaries revenue by segment	Restated 2013 Total
Customers by location						
Far East	**19 925 709**	**13 830**	**19 939 539**	16 812 336	11 201	16 823 537
Europe	**2 648 530**	**4 700**	**2 653 230**	3 569 145	3 809	3 572 954
USA	**1 294 510**	**1 487 697**	**2 782 207**	1 222 223	790 266	2 012 489
South Africa	**822 877**	**1 387 419**	**2 210 296**	620 158	1 158 512	1 778 670
Other – Foreign	**3 328 692**	**950**	**3 329 642**	3 066 035	621	3 066 656
Total	**28 020 318**	**2 894 596**	**30 914 914**	25 289 897	1 964 409	27 254 306

1. Included in the sub-total of revenue is revenue from one customer amounting to R2 803 million (2013: R nil).

2. The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11 (refer "Changes in accounting policies", item 1.2.2).

Notes to the consolidated financial statements continued

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32 RELATED-PARTY TRANSACTIONS

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.

The following entities were identified as related parties to the group:

		2014 R'000	Restated 2013 R'000
Oresteel Investments Proprietary Limited (Oresteel)	Ultimate holding company		
African Mining and Trust Company Limited (AMT)	Subsidiary company		
African Rainbow Minerals (ARM)	Joint-venture partner		
Assmang Limited (Assmang)	Joint-venture entity		
Minerais U.S. LLC (shareholding: 51% (2013: 51%) (Minerais))	Subsidiary company		
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company		
Rustenburg Minerals Development Company Proprietary Limited (shareholding: 56% (2013: 56%) (Rustenburg Minerals))	Subsidiary company		
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company		
Main Street 350 Proprietary Limited (RF) (MS 350)	Structured entity		
Main Street 460 Proprietary Limited (RF) (MS 460)	Structured entity		
Main Street 904 Proprietary Limited (RF) (MS 904)	Structured entity		
Boleng Trust	Structured entity		
Fricker Road Trust	Structured entity		
Assore Employee Trust	Structured entity		
The following significant related-party transactions occurred during the year:			
AMT	Commissions received from Assmang	**430 092**	392 312
African Rainbow Minerals Limited	Commissions paid by Ore & Metal	**55 348**	72 602
	Management fees paid by Assmang	**290 197**	282 588
Minerais U.S. LLC	Commissions received from Assmang	**33 010**	29 470
Ore & Metal	Commissions received from Assmang	**495 968**	476 052
Sumitomo	Commissions paid by Ore & Metal	**336 270**	299 188
Key management personnel			
– holding company	Remuneration	**1 440**	1 221
– subsidiary companies	Remuneration	**135 443**	168 025
	Post-employment benefits	**10 843**	8 288
Amounts payable to/receivable from related parties at end of year			
Ore & Metal	Amounts payable to Assmang	**183 913**	233 315
AMT	Amounts receivable from Ore & Metal	**168 338**	73 558
Minerais	Amounts receivable from Ore & Metal	**70 279**	32 921
Sumitomo	Amounts payable to Ore & Metal	**155 495**	49 267
African Rainbow Minerals Limited	Amounts receivable from Ore & Metal	**1 614**	–

33 RETIREMENT BENEFIT INFORMATION

33.1 Pensions

Assore Limited is a holding company which operates through its various subsidiary 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 to the umbrella fund respectively. Contributions to the fund amounted to R3,7 million (2013: R3,5 million) and the value of the fund amounted to R22,5 million (2013: R17,5 million) at year-end.

Defined benefit – 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 2011 and revealed a 94,6% funding level. An interim check was performed for funding purposes as at 30 June 2014, which revealed a 113,3% funding level (2013: 103,4%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2014 R'000	Restated 2013 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	**365 007**	331 136
Current service cost	**30 749**	27 531
Interest cost	**34 111**	28 478
Actuarial gain – experience	**(5 624)**	(3 238)
Actuarial loss – assumptions	**24 288**	19 017
Benefits paid	**(20 258)**	(37 917)
Benefit obligation at end of year	**428 273**	365 007
Change in plan assets		
Fair value of plan assets at beginning of year	**377 322**	316 343
Expected return on plan assets	**32 500**	27 205
Actuarial gain/(loss) on plan assets – experience and assumptions	**69 742**	41 036
Employer contribution	**18 257**	23 697
Employees' contributions	**7 683**	6 958
Benefits paid	**(20 258)**	(37 917)
Fair value of plan assets at end of year	**485 246**	377 322
Net surplus recognised in statement of financial position	**56 973**	12 315
Components of periodic expense		
Current service cost	**30 749**	27 531
Interest cost	**34 111**	28 478
Expected return on plan assets	**(32 500)**	(27 205)
Net pension cost recognised in the income statement (refer note 20)	**32 360**	28 804

Plan assets are invested as follows:

	2014 %	2013 %
Equity securities	**70**	70
Debt securities	**15**	20
Property	**1**	2
Other (cash, cash awaiting investment, bank account)	**14**	8
	100	100

Notes to the consolidated financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

	2014 R'000	Restated 2013 R'000
33 RETIREMENT BENEFIT INFORMATION (continued)		
33.1 Pensions (continued)		
The maturity profile of the benefit obligation at the end of the year is as follows:		
Due within one year	**27 830**	22 427
Due within two years	**32 184**	9 475
Due within three years	**66 123**	3 741
Due within four years	**17 197**	62 556
Due within five years	**14 460**	16 245
Due between six and 10 years	**168 069**	106 196
Due thereafter	**102 410**	116 367
	428 273	337 007
Actual return on assets for the year comprises:	**102 242**	68 241
– expected return on plan assets for the year	**32 500**	27 205
– actuarial gains on plan assets	**69 742**	41 036
Expected contribution next year	**37 975**	35 000

Actuarial assumptions

The above valuations are based on the following principal actuarial assumptions:

	2014 %	2013 %
Expected return on plan assets	**9,00**	8,60
Post-retirement interest rate	**3,60**	3,80
Price inflation rate	**7,20**	6,70
Salary inflation rate	**8,20**	7,70
Pension increases	**5,40**	5,00

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 that 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:

Assumptions	**Interest**		**Salary escalation**		**Post-retirement interest rate**		**Price inflation**		**Pension increases**	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Increase/(decrease) in defined benefit obligation	(64 392)	84 580	75 976	(57 064)	(29 752)	36 300	45 284	(36 744)	29 752	(36 300)

Company statement of financial position

AS AT 30 JUNE 2014

	Note	2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**470 592**	470 592
Available-for-sale investments	2	**378 113**	178 555
Loans to group companies	1	**4 781 805**	4 871 106
		5 630 510	5 520 253
Current assets			
Accounts receivable	1	**214 636**	158 312
Cash resources		**657 404**	409 890
		872 040	568 202
Total assets		**6 502 550**	6 088 455
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	**698**	698
Share premium	4	**264 092**	264 092
Retained earnings		**4 712 660**	3 862 985
Other reserves	5	**68 781**	16 749
Total equity		**5 046 231**	4 144 524
Non-current liabilities			
Loans from group companies	1	**1 078 041**	1 078 041
Long-term borrowings	7	**346 100**	846 100
Deferred taxation	6	**10 857**	3 839
		1 434 998	1 927 980
Current liabilities			
Accounts payable		**17 042**	14 347
Taxation		**4 279**	1 604
		21 321	15 951
Total equity and liabilities		**6 502 550**	6 088 455

Company income statement

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	2013 R'000
Revenue	8	**2 062 588**	1 788 923
Income from investments		**2 062 588**	1 788 918
Profit on disposal of available-for-sale investments		**–**	27 850
Other income		**–**	6
Administrative expenses		**(4 699)**	(3 034)
Impairment of available-for-sale investments		**(26 327)**	–
Finance costs		**(54 181)**	(88 794)
Profit before taxation	9	**1 977 381**	1 724 946
Taxation	10	**(10 850)**	(14 934)
Profit for the year		**1 966 531**	1 710 012
Dividends declared per share (cents)	11	**800**	550

Company statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2014

	2014 R'000	2013 R'000
Profit for the year (as above)	**1 966 531**	1 710 012
Items that may be reclassified into the income statement dependent on the outcome of a future event	**52 032**	(42 122)
Reclassification of fair value gain on disposal of available-for-sale investments, after taxation included in the income statement, previously recognised in comprehensive income	**–**	(22 657)
Profit on disposal of available-for-sale investments (as above)	**–**	(27 850)
Capitals gains tax thereon	**–**	5 193
Gain/(loss) on revaluation to market value of available-for-sale investments, after taxation	**52 032**	(19 465)
Gain/(loss) on revaluation	**59 050**	(23 928)
Deferred capital gains tax thereon	**(7 018)**	4 463
Total comprehensive income for the year, net of tax	**2 018 563**	1 667 890

Company statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	2013 R'000
Cash retained from operating activities		**820 139**	822 002
Cash generated by operating activities		**1 964 485**	1 665 985
Cash utilised in operations	12.1	**(4 699)**	(3 033)
Investment income	12.2	**2 022 813**	1 758 951
Movements in working capital	12.3	**(53 629)**	(89 933)
Interest income		**39 775**	29 972
Finance costs		**(54 181)**	(88 794)
Taxation paid	12.4	**(13 085)**	(17 677)
Dividends paid	12.5	**(1 116 855)**	(767 484)
Cash utilised in investing activities		**(161 926)**	36 975
Acquisition of available-for-sale investments	2	**(161 926)**	–
Proceeds on disposal of available-for-sale investments	12.6	**–**	36 975
Cash utilised in financing activities		**(410 699)**	(690 496)
Preference shares redeemed	7	**(500 000)**	(750 000)
Movement in group company balances		**89 301**	59 504
Cash resources			
– increase for the year		**247 514**	168 481
– at beginning of year		**409 890**	241 409
– at end of year	12.7	**657 404**	409 890

Company statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R'000	2013 R'000
Share capital			
Balance at beginning and end of year	3	**698**	698
Share premium			
Balance at beginning and end of year	4	**264 092**	264 092
Other reserves			
Balance at beginning of year		**16 749**	58 871
Other comprehensive income/(loss)		**52 032**	(42 122)
Balance at end of year	5	**68 781**	16 749
Retained earnings			
Balance at beginning of year		**3 862 985**	2 920 812
Profit for the year		**1 966 531**	1 710 012
Ordinary dividends declared during the year			
Final dividend No 113 of 350 cents (2013: 300 cents) per share – declared on 27 August 2013		**(488 624)**	(418 821)
Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014		**(628 232)**	(349 018)
Balance at end of year		**4 712 660**	3 862 985
Share capital and reserves at year-end per statement of financial position		**5 046 231**	4 144 524

Notes to the company financial statements

FOR THE YEAR ENDED 30 JUNE 2014

		2014 R'000	2013 R'000
1	**INVESTMENT IN GROUP COMPANIES**		
	Joint-venture entity (refer below)	**468 153**	468 153
	Subsidiary companies (refer below)	**2 439**	2 439
		470 592	470 592
	Investment in joint-venture entity		
	Assmang Limited		
	1 774 103 (2013: 1 774 103) ordinary shares at cost	**468 153**	468 153
	Investment in subsidiary companies (refer note 13)		
	Shares at cost	**2 439**	2 439
	Amounts due by/(to) subsidiary companies		
	Loan accounts receivable	**4 781 805**	4 871 106
	Loan accounts payable	**(1 078 041)**	(1 078 041)
		3 703 764	3 793 065
	Loan accounts receivable include cumulative redeemable preference shares in the amount of R4 782,8 million (2013: R4 871,1 million), issued to structured entities (SEs), recognised as controlled entities, which have dividend rates of 75% (2013: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited, 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	**214 636**	158 312
2	**AVAILABLE-FOR-SALE INVESTMENTS**		
	Listed – at market value		
	– balance at beginning of year	**178 430**	239 333
	– purchases at cost during the year	**161 926**	–
	– disposals at carrying value	**–**	(36 975)
	– fair value adjustment (including impairment) at year end	**37 632**	(23 928)
	Balance at end of year	**377 988**	178 430
	Unlisted – at cost	**125**	125
		378 113	178 555
	Listed – at cost	**293 440**	157 842
	Fair value adjustment transferred to other reserves (refer note 5)	**84 548**	20 588
	As above	**377 988**	178 430
3	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2013: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year (139 607 000 (2013: 139 607 000) ordinary shares of 0,5 cents each)	**698**	698
4	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092

		2014 R'000	2013 R'000
5	**OTHER RESERVES**		
	Surplus on the revaluation to fair value thereon of available-for-sale investments (refer note 2)	**84 548**	20 588
	Less: Deferred capital gains taxation	**(15 767)**	(3 839)
		68 781	16 749
6	**DEFERRED TAXATION**		
	Balance at beginning of year	**3 839**	13 495
	Arising on the revaluation of available-for-sale investments at year-end (refer note 5)	**11 928**	(9 656)
	Release of deferred taxation arising on impairment of available-for-sale investment (refer note 10)	**(4 910)**	–
	Balance at end of year	**10 857**	3 839
7	**LONG-TERM BORROWINGS**		
	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.		
	Unredeemed at beginning of year	**846 100**	1 596 100
	Voluntary redemptions in the prior year:		
	12 March 2013 – 7 500 shares	**–**	(750 000)
	24 March 2014 – 5 000 shares	**(500 000)**	–
	Balance of 3 461 (2013: 8 461) shares to be redeemed by latest 24 February 2016	**346 100**	846 100
	Dividends paid on the preference shares during the year were as follows:		
	On 7 October 2013	**27 859**	65 581
	On 5 March 2014, upon voluntary redemption of 5 000 shares (2013: 7 500 shares)	**15 126**	2 329
	On 7 April 2014	**11 196**	20 884
		54 181	88 794
8	**REVENUE**		
	Revenue comprises:		
	Dividends received	**2 022 813**	1 758 951
	Interest received	**39 775**	29 972
		2 062 588	1 788 923

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

		2014 R'000	2013 R'000
9	**PROFIT BEFORE TAXATION**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Dividends received	**2 022 813**	1 758 951
	Ordinary dividends		
	– joint venture entity	**1 750 000**	1 500 000
	– available-for-sale investments		
	– listed	**16 546**	7 916
	– unlisted	**15**	20
	Preference dividends		
	– Main Street 350 Proprietary Limited (RF)	**60 350**	105 650
	– Main Street 904 Proprietary Limited (RF)	**195 902**	145 365
	Interest received	**39 775**	29 972
	Expenditure		
	Auditors' remuneration		
	– Audit fees	**130**	120
	Directors' remuneration		
	– for services as directors' paid by the company	**1 634**	1 221
	– other services paid by subsidiary companies	**62 189**	101 205
10	**TAXATION**		
	South African normal taxation		
	– current year	**11 678**	6 615
	– underprovision prior year	**2 832**	–
	Deferred taxation (refer note 6)	**(4 910)**	–
	Capital gains taxation on disposal or available-for-sale investments	**–**	5 194
	Securities transfer taxation paid on redemption of preference shares	**1 250**	3 125
		10 850	14 934
	Reconciliation of tax rate (%)		
	Statutory tax rate	**28,00**	28,00
	Adjusted for:		
	Dividend income	**(28,64)**	(28,55)
	Exempt income	**–**	(0,23)
	Disallowable expenditure	**1,17**	1,44
	Securities transfer taxation	**0,06**	0,18
	Capital gains tax on disposal of available-for-sale investments	**–**	0,15
	Underprovision prior year	**0,14**	–
	Other	**(0,18)**	(0,12)
	Effective tax rate	**0,55**	0,87

		2014 R'000	2013 R'000
11	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 113 of 350 cents (2013: 300 cents) per share – declared on 27 August 2013	488 624	418 821
	Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	628 232	349 018
		1 116 856	767 839
	Per share (cents)	800	550
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 114 of 450 cents (2013: 250 cents) per share – declared on 11 February 2014	628 232	349 018
	Final dividend No 115 of 550 cents (2013: 350 cents) per share – declared on 3 September 2014	767 839	488 625
		1 396 071	837 643
	Per share (cents)	1 000	600
12	**NOTES TO THE STATEMENT OF CASH FLOW**		
12.1	**Cash utilised in operations**		
	Profit before taxation	1 977 381	1 724 946
	Adjusted for:	(1 982 080)	(1 727 979)
	– Dividends received	(2 022 813)	(1 758 951)
	– Interest received	(39 775)	(29 972)
	– Profit on disposal of available-for-sale investments	–	(27 850)
	– Impairment of available-for-sale investments (refer note 2)	26 327	–
	– Finance costs	54 181	88 794
		(4 699)	(3 033)
12.2	**Investment income**		
	Dividends received	2 022 813	1 758 951
12.3	**Movements in working capital**		
	Increase in accounts receivable	(56 324)	(83 966)
	Increase/(decrease) in accounts payable	2 695	(5 967)
		(53 629)	(89 933)
12.4	**Taxation paid**		
	Unpaid at beginning of year	(1 604)	(4 347)
	Charged to the income statement	(10 850)	(14 934)
	Movement in deferred taxation	(4 910)	–
	Unpaid at end of year	4 279	1 604
		(13 085)	(17 677)
12.5	**Dividends paid**		
	Unpaid at beginning of year	(1 267)	(912)
	Declared during the year	(1 116 856)	(767 839)
	Unpaid at end of year	1 268	1 267
		(1 116 855)	(767 484)
12.6	**Proceeds on disposal of available-for-sale investments**		
	Comprises:		
	Cost at acquisition	–	9 125
	Profit on disposal (refer note 12.1)	–	27 850
		–	36 975
12.7	**Cash and cash equivalents**		
	Cash on deposit	657 359	409 874
	Current accounts	45	16
		657 404	409 890

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

	Issued share capital 2014/2013 R	Direct interest in share capital 2014/2013 %	Shares at cost 2014 R'000	Shares at cost 2013 R'000	Amounts due from/(to) subsidiary companies 2014 R'000	Amounts due from/(to) subsidiary companies 2013 R'000
13 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES						
Incorporated in South Africa						
Ordinary shares						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	(2 756)	(8 634)
Ceramox Proprietary Limited(D)	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(D)	4	100	–	–	–	–
Groupline Projects Proprietary Limited(D)	100	100	36 228	36 228		
iCerMax Proprietary Limited	800	51	0*	0*		
Main Street 350 Proprietary Limited (RF)	99	49	0*	0*	1 934 299	2 029 740
Main Street 460 Proprietary Limited (RF)	100	–	–	–	220	–
Main Street 904 Proprietary Limited (RF)	28 500	–	–	–	2 850 000	2 850 000
Minerais Holdings Proprietary Limited	100	100	10 887	10 887	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(D)	45 940	100	35	35	–	–
Xertech Proprietary Limited	100	100	–	–	–	–
Zeerust Chrome Mines Limited	1 300 000	100	1 114	1 114	–	–
Incorporated in Namibia						
Krantzberg Mines Limited	500 000	100	–	–	–	–
Incorporated in the United States of America						
Minerais U.S. LLC	17 756 100	51	11 418	11 418	–	–
			294 264	294 264	3 703 764	3 793 065
Less – held indirectly			(290 711)	(290 711)	–	–
– provided against			(1 114)	(1 114)	–	–
Per note 1			2 439	2 439	3 703 764	3 793 065

(D) *Dormant companies*

* *Represents investments of less than R1 000.*

14 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 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 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.

14.1 Credit risk

Credit exposure and concentration of credit risk

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 non-derivative financial assets held recognised in the statement of financial position:

	2014 R'000	2013 R'000
Loans to group companies, not past due, not impaired	**4 781 805**	4 871 106
Cash resources	**657 404**	409 890
Accounts receivables – local, not past due, not impaired	**214 636**	158 312

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

14 FINANCIAL RISK MANAGEMENT (continued)

14.2 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.

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

Exposure to liquidity risk

The following are the cash flows anticipated from the company's financial assets and liabilities as determined at year-end by contractual maturity date including related 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
2014						
Financial assets						
Investment in group companies	**470 592**	**470 592**	**–**	**–**	**–**	**470 592**
Available-for-sale investments	**378 113**	**378 113**	**–**	**–**	**–**	**378 113**
Loans to group companies	**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**	**–**	**–**	**–**
	6 502 550	**8 513 962**	**943 749**	**1 939 703**	**–**	**5 630 510**
Financial liabilities						
Preference shares issued	**346 100**	**370 878**	**12 157**	**12 621**	**346 100**	**–**
Loans from group companies	**1 078 041**	**1 078 041**	**–**	**1 078 041**	**–**	**–**
Other payables	**17 042**	**17 042**	**17 042**	**–**	**–**	**–**
Guarantees	**740 691**	**740 691**	**740 691**	**–**	**–**	**–**
	2 181 874	**2 206 652**	**769 890**	**1 090 662**	**346 100**	**–**
2013						
Financial assets						
Investment in group companies	470 592	470 592	–	–	–	470 592
Available-for-sale investments	178 555	178 555	–	–	–	178 555
Loans to group companies	4 871 106	6 640 851	67 124	1 702 621	–	4 871 106
Other receivables	158 312	158 312	158 312	–	–	–
Cash resources	409 890	409 890	409 890	–	–	–
	6 088 455	7 858 200	635 326	1 702 621	–	5 520 253
Financial liabilities						
Preference shares issued	846 100	973 549	–	527 710	445 839	–
Loans from group companies	1 078 041	1 078 041	–	1 078 041	–	–
Other payables	14 347	14 347	14 347	–	–	–
Guarantees	497 755	497 755	497 755	–	–	–
	2 436 243	2 563 692	512 102	1 605 751	445 839	–

14 FINANCIAL RISK MANAGEMENT (continued)

14.3 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:

	2014 R'000	2013 R'000
Variable rate instruments		
Liabilities		
Preference shares, at 0,75% of the prime overdraft rate (included in long-term borrowings refer note 7)	**346 100**	846 100
Assets		
Loan accounts receivable, interest free	**4 781 805**	4 871 106
Cash and cash equivalents, at deposit rates linked	**657 404**	409 890
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 decreased profit after tax by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the company's equity.		
Variable rate instruments	**1 834**	1 597

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

Equity price risk

The group'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 industries. Executive directors review and approve all equity investment decisions.

At the reporting date, the exposure to listed investments at fair value was R378,1 million (2013: R178,5 million). A decrease of 1% on the relevant market index could have an impact of approximately R3,8 million (2013: R1,8 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.

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

14 FINANCIAL RISK MANAGEMENT (continued)

14.4 Classification of financial assets and liabilities

	Note	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000
The categorisation of each class of financial asset and liability in terms of IAS 39 – *Financial Instruments: Recognition and Measurement* are included below:						
2014						
Financial assets						
Investment in group companies	1	**–**	**–**		**470 592**	**470 592**
Available-for-sale investments	2	**377 988**	**–**		**125**	**378 113**
Loans to group companies	1	**–**	**4 781 805**		**–**	**4 781 805**
Accounts receivable	1	**–**	**214 636**		**–**	**214 636**
Cash resources		**–**	**657 404**		**–**	**657 404**
		377 988	**5 653 845**		**470 717**	**6 502 550**
Financial liabilities						
Preference shares issued	7			**346 100**	**–**	**346 100**
Loans from group companies	1			**1 078 041**	**–**	**1 078 041**
Accounts payable				**17 042**	**–**	**17 042**
				1 441 183	**–**	**1 441 183**
2013						
Financial assets						
Investment in group companies	1	–	–		470 592	470 592
Available-for-sale investments	2	178 430	–		125	178 555
Loans to group companies	1	–	4 871 106		–	4 871 106
Accounts receivable	1	–	158 312		–	158 312
Cash resources		–	409 890		–	409 890
		178 430	5 439 308		470 717	6 088 455
Financial liabilities						
Preference shares issued	7			846 100	–	846 100
Loans from group companies	1			1 078 041	–	1 078 041
Accounts payable				14 347	–	14 347
				1 938 488	–	1 938 488

15 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair values

Quoted market prices at the reporting date have been used to determine the fair value of available-for-sale instruments. 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 the discounted cash flow method at market-related interest rates. Carrying amounts approximate fair value for all other financial assets and liabilities except for loans to and from group companies, which are interest free and have no fixed terms of repayment.

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 group).

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

	Year ended 30 June 2014		
Recurring fair value measurements	**Level 1 R'000**	**Level 2 R'000**	**Total R'000**
Assets measured at fair value			
Available-for-sale investments	**377 988**	**–**	**377 988**
	Year ended 30 June 2013		
	Level 1 R'000	Level 2 R'000	Total R'000
Available-for-sale investments	178 430	–	178 430

	Year ended 30 June 2014		
	Level 1 R'000	**Level 2 R'000**	**Total R'000**
Assets and liabilities measured at amortised cost			
Loans to group companies	**–**	**184 204**	**184 204**
Loans from group companies	**–**	**815 473**	**815 473**
	Year ended 30 June 2013		
	Level 1 R'000	Level 2 R'000	Total R'000
Loans to group companies	–	212 571	212 571
Loans from group companies	–	954 557	954 557

The fair value was determined using a discounted cash flow technique at prime.

Notes to the company financial statements continued

FOR THE YEAR ENDED 30 JUNE 2014

16 CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lives which vary in accordance with current prices. Decisions to exploit resources would be made at board level and only following the completion of a bankable 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. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

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

		2014 R'000	2013 R'000
17	**CONTINGENT LIABILITIES**		
	Guarantees		
	Guarantees issued to bankers as security for facilities provided to subsidiary companies	**740 691**	497 755
	The company holds a back-to-back guarantee of R180 million (2013: R180 million) issued by the joint-venture entity in respect of claims made in terms of certain of the above mentioned guarantees.		
18	**RELATED-PARTY TRANSACTIONS**		
	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:		
	Management fees paid to subsidiary company	**137**	137
	Dividends received from joint-venture entity	**1 750 000**	1 500 000
	Preference dividends received from subsidiary companies	**256 251**	251 015
	For related-party balances refer to notes 1 and 13.		

Appendix

ACCOUNTING POLICIES

Appendix continued

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	*Employee Benefits* (Revised)	January 2013	The "corridor approach", previously allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans, has been removed. Actuarial gains and losses in respect of defined benefit plans will be recognised in other comprehensive income (OCI) when they occur. For defined benefit plans, the amounts recorded in profit and loss are limited to current and past service costs, gains and losses on settlements, expected returns on plan assets and interest costs. The distinction is between short-term and other long-term benefits is based on the expected timing of settlement, whereas, previously, this distinction was based on employees' entitlement to the benefits. The impact of the adoption of the revised standard is explained In note 1.2.2.
IAS 27	*Separate Financial Statements* (consequential revision due to the issue of IFRS 10)	January 2013	The revisions to this standard are limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor (refer "IFRS 11" below).
IAS 28	*Investments in Associates and Joint Ventures* (consequential revision due to the issue of IFRS 10 and 11)	January 2013	The revisions to this standard cater for consequential changes upon the introduction of IFRS 11 (refer "IFRS 11" below).
IFRS 7	*Offsetting Financial Assets and Liabilities* (Amendments)	January 2013	Requirements for additional disclosures relating to the offset of financial assets and financial liabilities. The amendment has not had a material impact on the results or disclosures of the group.

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 10	*Consolidated Financial Statements*	January 2013	This standard includes a new definition of control which is used to determine which entities are required to be consolidated, including "structured entities" as defined in IFRS 12 (previously termed "special-purpose entities" (SPEs)). IFRS 10 requires management to exercise significant judgement in determining which entities are controlled and therefore consolidated. The group has assessed the impact of the new standard and there has been no change to the entities that have been consolidated (refer note 2.1 below).
IFRS 11	*Joint Arrangements*	January 2013	IFRS 11 replaces IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-monetary Contributions by Venture*s. IFRS 11 describes the accounting for a "joint arrangement", which is defined as a contractual arrangement over which two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures. IFRS 11 provides a new definition of joint control, and changes the accounting for certain joint arrangements substantially. Joint ventures, which were previously proportionately consolidated, are now accounted for on the equity accounting basis. It has therefore been necessary to change the basis on which Assmang is accounted for from the proportionate consolidation method to the equity accounting method. While there was no impact on the group results following the change, it did however, have a significant effect on disclosures made in the consolidated income statement and statement of financial position and cash flow. Refer to note 1.2.2 for the impact of the adoption of this new standard.
IFRS 12	*Disclosures of Interests in Other Entities*	January 2013	This standard describes and includes the disclosures required relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. Entities are required to disclose the judgements made to determine whether it controls another entity. The impact of the new standard has resulted in additional disclosure (refer note 1).
IFRS 13	*Fair Value Measurement*	January 2013	This standard provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. The standard also includes additional disclosure requirements in relation to fair value. The impact of the new standard has resulted in additional disclosure (refer note 27).

In addition to the above changes, a set of improvements issued by the IASB in May 2012 became effective for the financial year. Improvements have not had a material impact on the results or disclosures group.

Appendix continued

1.2.2 Restatements

IFRS 11 – Joint Arrangements

The group owns a 50% (2013: 50%) investment in Assmang Limited (Assmang, refer note 1 to the consolidated financial statements). Assmang mines iron, manganese and chrome ores and produces manganese and chrome alloys. The adoption of IFRS 11 during the year has necessitated the group to change the basis on which Assmang is accounted for from the proportionate consolidation method, to the equity accounting method, in terms of IAS 28 – Investment in Associates and Joint Ventures. The impact of this adoption on the statement of financial position, the income statement and the statement of cash flows is shown in the restatements below, under the columns "IFRS 11".

IAS 19 – Employee Benefits (amendments)

The group adopted the amendments to IAS 19, published in 2011, in the current financial year, in accordance with the transitional provisions set out in the revised standard. These amendments, require, inter alia, that actuarial gains/losses on defined benefit plans are recognised in other comprehensive income (OCI), and that these amounts are no longer permitted to be deferred and recognised using the "corridor method". In addition, obligations for other staff benefits (eg leave entitlement) are required to be classified as either long-, or short-term, depending on when these benefits are expected to be settled. The impact of this adoption on the statement of financial position, the income statement and the statement of cash flows is shown in the restatements below, under the columns "IAS 19".

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		Effects of:		
	As reported	IFRS 11	IAS 19	Restated
ASSETS				
Non-current assets				
Jointly controlled entity		12 946 015		12 946 015
Property, plant and equipment	**10 429 266**	(9 945 211)		484 055
Intangible assets	**26 522**			26 522
Investments				
– available-for-sale	**178 430**			178 430
– other	**41 963**			41 963
Other non-current financial assets	**194 725**	(194 725)		–
Pension fund surplus	**–**		12 315	12 315
Total non-current assets	**10 870 906**	2 806 079	12 315	13 689 300
Current assets				
Inventories	**2 552 483**	(2 126 191)		426 292
Trade and other receivables	**2 359 602**	(2 108 891)		250 711
Cash resources	**4 465 756**	(2 762 010)		1 703 746
Total current assets	**9 377 841**	(6 997 092)		2 380 749
Total assets	**20 248 747**	(4 191 013)	12 315	16 070 049
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	**698**			698
Share premium	**264 092**			264 092
Treasury shares	**(5 051 583)**			(5 051 583)
Retained earnings	**18 765 442**	1 334	(10 651)	18 756 125
Other reserves	**43 861**		18 185	62 046
Equity attributable to shareholders of the parent	**14 022 510**	1 334	7 534	14 031 378
Non-controlling interest	**128 910**			128 910
Total equity	**14 151 420**	1 334	7 534	14 160 288
Non-current liabilities				
Long-term borrowings	**846 100**			846 100
Deferred taxation	**2 486 917**	(2 448 076)	4 781	43 622
Long-term provisions	**419 295**	(398 994)	2 389	22 690
Share-based payment liability	**1 992**	–		1 992
Total non-current liabilities	**3 754 304**	(2 847 070)	7 170	914 404
Current liabilities				
Trade and other payables	**1 369 641**	(823 663)		545 978
Taxation	**321 970**	(282 628)		39 342
Short-term provisions	**301 988**	(238 986)	(2 389)	60 613
Overdrafts	**349 424**			349 424
Total current liabilities	**2 343 023**	(1 345 277)	(2 389)	995 357
Total equity and liabilities	**20 248 747**	(4 191 013)	12 315	16 070 049

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	As reported	Effects of: IFRS 11	IAS 19	Restated
Revenue	**14 175 175**	(12 210 766)		1 964 409
Turnover	**13 500 864**	(12 501 584)		999 280
Cost of sales	**(7 803 491)**	6 869 263		(934 228)
Gross profit	**5 697 373**	(5 632 321)		65 052
Add: Other income				
Commissions on sales and technical fees	**434 182**	434 182		868 364
Foreign exchange gains	**549 588**	(548 160)		1 428
Investment income	**226 804**	(162 361)		64 443
Profit on disposal of available-for-sale investments	**27 850**			27 850
Sundry	**35 537**	(15 454)		20 083
Less: Other expenses				
Finance costs	**(116 786)**	25 549		(91 237)
Foreign exchange losses	**(268 617)**	268 532		(85)
Mining royalty taxes	**(447 268)**	446 224		(1 044)
Staff remuneration and benefits	**(306 147)**	446		(305 701)
Sundry	**(993 027)**	852 327		(140 700)
Profit before taxation	**4 839 489**	(4 331 036)		508 453
Taxation	**(1 411 121)**	1 239 894		(171 227)
Profit after taxation, before joint venture	**3 428 368**	(3 091 142)		337 226
Adjustment of 1 July 2012 retained earnings	**–**	(1 334)		–
	3 428 368	(3 092 476)		337 226
Share of profit from joint venture, after taxation	**–**	3 092 476		3 092 476
Profit for the year	**3 428 368**	–	–	3 429 702
Attributable to:				
Shareholders of the holding company	**3 425 644**			3 426 978
Non-controlling shareholders	**2 724**			2 724
	3 428 368			3 429 702
Earnings as above	**3 425 644**			3 426 978
Profit on disposal of available-for-sale investments, before taxation	**(27 850)**			(27 850)
Impairment of non-financial assets, before taxation	**155 919**			155 919
Loss on disposal of fixed assets, before taxation	**23 521**			23 521
Taxation effect of above items	**(44 745)**			(44 745)
	3 532 489			3 533 823
Earnings per share (cents) (basic and diluted)	**3 319**			3 320
Headline earnings per share (cents) (basic and diluted)	**3 424**			3 424

Appendix continued

1.2.2 Restatements (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

		Effects of:		
	As reported	IFRS 11	IAS 19	Restated
Profit for the year	**3 428 368**			3 429 702
Items that may be reclassified into the income statement dependent on the outcome of a future event	**(29 915)**	–	–	(29 915)
Reclassification of fair value gain on disposal of available-for-sale investments after taxation	**(22 657)**			(22 657)
Profit on disposal	**(27 850)**			(27 850)
Capital gains tax thereon	**5 193**			5 193
Gain/(loss) on revaluation to market value of available-for-sale investments after taxation	**(19 465)**			(19 465)
Gain/(loss) on revaluation to market value of available-for-sale investments at year-end	**(23 928)**			(23 928)
Deferred capital gains taxation thereon	**4 463**			4 463
Exchange differences arising on translation of foreign operations	**12 207**			12 207
Items that may not be reclassified into the income statement dependent on the outcome of a future event				
Actuarial gains on pension fund after taxation	**–**	–	18 185	18 185
Adjustment of 1 July 2012 retained earnings	**–**	1 334	–	–
Total comprehensive income for the year, net of tax	**3 398 453**	1 334	18 185	3 417 972
Attributable to:				
Shareholders of the holding company	**3 389 747**	1 334	18 185	3 409 266
Non-controlling interest	**8 706**	–	–	8 706
	3 398 453	1 334	18 185	3 417 972

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2013

		Effects of:		
	As reported	IFRS 11	IAS 19	Restated
Cash retained from operating activities	**3 855 985**	(4 086 046)		(230 061)
Net cash generated by operations	**5 353 423**	(4 831 164)		522 259
Cash generated by operations	**6 083 641**	(5 508 665)		574 976
Dividend income	**8 421**	15		8 436
Movements in working capital	**(738 639)**	677 486		(61 153)
Interest income	**219 049**	(163 042)		56 007
Finance costs	**(78 490)**	1 312		(77 178)
Taxation paid	**(1 064 059)**	906 848		(161 353)
Dividends paid to shareholders of the holding company	**(567 284)**			(567 284)
Dividends paid to non-controlling shareholders	**(6 654)**			(6 654)
Cash utilised in investing activities	**(2 131 778)**	3 606 851		1 475 073
Acquisition of:				
– other investments	**(7 239)**			(7 239)
Additions to property, plant and equipment	**(2 088 988)**	2 012 294		(76 694)
Dividends received from joint venture		1 500 000		1 500 000
Net movement in environmental rehabilitation trust funds	**(9 707)**	26 478		16 771
Increase in staff housing loans	**(88 060)**	88 060		–
Proceeds on disposal of				
– property, plant and equipment	**25 241**	(19 981)		5 260
– available-for-sale investments	**36 975**			36 975
Cash utilised in financing activities	**(592 595)**			(592 595)
Preference shares redeemed	**(750 000)**			(750 000)
Short-term borrowings and overdrafts	**157 405**			157 405
Cash resources				
– increase for the year	**1 131 612**	(474 195)		652 417
– at beginning of year	**3 242 485**	(2 191 156)		1 051 329
– at end of year	**4 374 097**	2 665 351		1 703 746

Appendix continued

1.2.2 Restatements (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As reported	Effects of: IFRS 11	Effects of: IAS 19	Restated
ASSETS				
Non-current assets				
Jointly controlled entity		11 353 539		11 353 539
Property, plant and equipment	**9 502 797**	(9 042 119)		460 678
Intangible assets	**26 702**			26 702
Investments				
– available-for-sale	**239 333**			239 333
– other	**34 724**			34 724
Other non-current financial assets	**106 665**	(106 665)		–
Total non-current assets	**9 910 221**	2 204 755	–	12 114 976
Current assets				
Inventories	**2 177 067**	(1 901 236)		275 831
Trade and other receivables	**2 049 782**	(1 857 078)		192 704
Cash resources	**3 324 437**	(2 273 108)		1 051 329
Total current assets	**7 551 286**	(6 031 422)		1 519 864
Total assets	**17 461 507**	(3 826 667)	–	13 634 840
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	**698**			698
Share premium	**264 092**			264 092
Treasury shares	**(5 051 583)**			(5 051 583)
Retained earnings	**15 907 437**		(10 651)	15 896 786
Other reserves	**79 758**			79 758
Equity attributable to shareholders of the parent	**11 200 402**		(10 651)	11 189 751
Non-controlling interest	**126 858**			126 858
Total equity	**11 327 260**		(10 651)	11 316 609
Non-current liabilities				
Long-term borrowings	**1 596 100**			1 596 100
Deferred taxation	**2 357 001**	(2 308 024)	(4 142)	44 835
Long-term provisions	**342 744**	(308 073)		34 671
Pension fund obligation	**–**	–	14 793	14 793
Total non-current liabilities	**4 295 845**	(2 616 097)	10 651	1 690 399
Current liabilities				
Trade and other payables	**1 227 359**	(869 276)		358 083
Taxation	**114 480**	(87 874)		26 606
Short-term provisions	**304 544**	(253 420)		51 124
Overdrafts	**192 019**			192 019
Total current liabilities	**1 838 402**	(1 210 570)	–	627 832
Total equity and liabilities	**17 461 507**	(3 826 667)	–	13 634 840

1.3 IFRS and IFRIC interpretations 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
IAS 19	*Defined Benefit Plans: Employee Contributions* – Amendments to IAS 19	July 2014	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. 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. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age. The group is in the process of determining the impact of the standard on its results.
IAS 32	*Offsetting Financial Assets and Liabilities* (Amendments)	January 2014	These amendments clarify the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of offsetting criteria as determined by IAS 32 to settlement systems (such as clearing houses). The group is in the process of determining the impact of the standard on Its results.
IAS 36	*Impairment of Assets – Disclosure Requirements for the Recoverable Amount of Impaired Assets*	January 2014	These amendments clarify the IASB's original intention, that the scope of the disclosure requirements is limited to the recoverable amount of the impaired assets, if the recoverable amount is based on the fair value less costs of the disposal. The group is in the process of determining the impact of the standard on its results.

Appendix continued

1.3 IFRS and IFRIC interpretations not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9	*Financial Instruments*	January 2018	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. Classification and measurement of financial instruments Financial assets: ➤ Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through OCI, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. ➤ Equity securities are measured at fair value through profit or loss unless the entity chooses, on initial recognition, to present fair value changes in OCI. This option is irrevocable and applies only to equity instruments, which are not held-for-trading. ➤ Unlike debt instruments, gains and losses on equity instruments in OCI are not recycled on sale and there is no impairment accounting. ➤ Derivatives are also measured at fair value through profit or loss. ➤ In comparison to IAS 39, there is no bifurcation of embedded derivatives for financial assets recorded at amortised cost or fair value through OCI. Financial liabilities: ➤ For liabilities designated as being measured at fair value through profit and loss, the change in fair value of the liability attributable to changes in credit risk is presented in OCI. ➤ All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9. Impairment of financial assets ➤ 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. ➤ 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. ➤ The measurement of expected credit losses would reflect a probability-weighted outcome, the time value of money and reasonable and supportable information. Hedge accounting: ➤ There are significant changes with regard to hedge accounting. These are not applicable to the group as the group does not apply hedge accounting. The group is in the process of determining the impact of the standard on its results.

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9, IFRS 7	*Mandatory effective date and transition disclosures* (Amendments to IFRS 9 and IFRS 7)	January 2015	These amendments to IFRS 9 change the mandatory effective date for IFRS 9 to 1 January 2015. The amendment to IFRS 7 will depend on the effective adoption date of IFRS 9 and will affect the extent of comparative information required to be disclosed. The group is in the process of determining the Impact of the standard on its results.
IFRS 10	*Consolidated Financial Statements* (Amendment)	January 2014	The amendment provides an exception to the consolidation requirement for entities that meet the definition of investment entities. The amendment requires that investment entities, as defined, account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. The group is in the process of determining the impact of the standard on its results.
IFRS 15	*Revenue from Contracts with Customers*	January 2017	The core principle of this standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The standard's requirements will also apply to recognition of some gains and losses of some non-financial assets that are not an output of the entity's ordinary activities. The new standard will also result in enhanced disclosures regarding revenue and provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications). The standard also improves guidance for multiple-element arrangements. Extensive disclosures will be required including the disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.
IFRIC 21	*Levies*	January 2014	This interpretation provides clarity on the recognition of a liability in respect of levies imposed by government, distinguishing these amounts between absolute levies, cumulative levies and those incurred upon the triggering of certain thresholds. The group is in the process of determining the impact of the interpretation on its results.

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 group is currently in the process of determining the impact of these improvements.

Appendix 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 (tons) 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).

2.2 Estimation uncertainty (continued)

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.

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 1 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 1 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.

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.

Appendix continued

3.2 Joint ventures (continued)

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.

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.

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.

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 13.1 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 rate 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

4.4 Depreciation (continued)

Mining development assets

Mining development assets are depreciated using the units-of-production method based on Proven and Probable Ore Reserves. The tons 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 Leased assets

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

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

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

6 Intangible assets

6.1 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.

6.2 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.

7 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.

8 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.

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.

9 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.

10 Financial instruments

10.1 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.

Appendix continued

10 Financial instruments (continued)

10.1 Recognition and measurement(continued)

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.

10.2 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.

10.3 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.

10.4 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.

10.5 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.

11 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.

12 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:

12.1 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.

12.2 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.

13 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:

13.1 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.

13.2 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.

13.3 Ongoing rehabilitation costs

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

Appendix continued

13 Environmental rehabilitation expenditure (continued)

13.4 Environmental rehabilitation trust funds

The group assesses the necessity to make annual contributions to the environmental rehabilitation trust funds, which have been created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. Annual contributions to the trust funds are determined in accordance with the estimated environmental obligation divided by the remaining life of a mine after taking into account bankers' guarantees in favour of the Department of Mineral Resources. Income earned on monies paid to the trust is accounted for as net investment income. The environmental trust funds are consolidated.

14 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.

15 Taxation

15.1 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.

15.2 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.

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 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.

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.

15.3 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.

15.4 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.

15.5 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.

16 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 (refer items 12.1 and 12.2).

17 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.

18 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.

Appendix continued

19 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.
- 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.

20 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.

21 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 Friday, 17 October 2014, (being the record date determined by the board for receiving this notice) that the sixty-fourth Annual General Meeting of the shareholders of Assore will be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 28 November 2014 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 year ended 30 June 2014.

2 To re-elect the following directors who retire by rotation in accordance with the provisions of Assore's Memorandum of Incorporation, all of whom are eligible and offer themselves for re-election:
Messrs RJ Carpenter and S Mhlarhi.

3 To re-elect Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors serving on the board of directors at the company (the board), as members of the Audit and Risk Committee. A *short curriculum vitae* of each of the directors concerned is included on page 126 of this notice.

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.

MEETING RECORD DATE

In accordance with section 59(1) of the Companies Act, 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 Friday, 21 November 2014.

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 Audit and Risk Committee report and the Social and Ethics Committee report for the year ended 30 June 2014 have been distributed to shareholders as required.

The annual financial statements referred to above are set out on pages 50 to 122 of the integrated annual report.

Note: The integrated annual report, which includes the annual financial statements of Assore for the financial year ended 30 June 2014 is available electronically at 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 Annual General Meeting 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 the Companies Act, the report of the Social and Ethics Committee, as set out on page 37 of the integrated annual report will be tabled.

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 Annual General Meeting. Where resolutions involve the election of directors, a short *curriculum vitae* of the director concerned is included on page 126 of this notice:

ORDINARY RESOLUTION NUMBER 1 (RE-ELECTION OF MR RJ CARPENTER AS A DIRECTOR)

RESOLVED THAT, Mr RJ Carpenter, who retires by rotation in terms the Memorandum of Incorporation 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 S MHLARHI AS A DIRECTOR)

RESOLVED THAT, Mr S Mhlarhi, who retires by rotation in terms of the Memorandum of Incorporation and who is eligible and available for re-election, is re-elected as a director of Assore.

ORDINARY RESOLUTION NUMBER 3 (RE-ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS)

RESOLVED THAT, shareholders re-elect Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors serving on the board), 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 remuneration of the non-executive directors for their services and as members of statutory committees), as set out in the Remuneration policy contained on page 18 of the integrated annual report.

SPECIAL RESOLUTIONS

The following special resolutions are 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 Annual General Meeting:

SPECIAL RESOLUTION NUMBER 1 (DIRECTORS' REMUNERATION)

RESOLVED THAT, the annual remuneration payable to non-executive directors in terms of section 66(9) of the Companies Act for their services as directors be 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

SPECIAL RESOLUTION NUMBER 2

RESOLVED THAT, as required, pursuant to section 66(9) of the Companies Act, the annual remuneration payable to an executive director for services as a director remain at R60 000 per annum.

SPECIAL RESOLUTION NUMBER 3 (GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE)

RESOLVED THAT, the board may, subject to compliance with the requirements of Assore's Memorandum of Incorporation, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise Assore 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 21 November 2014 will be entitled to attend the Annual General Meeting 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 Annual General Meeting, 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 Annual General Meeting 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 at the Annual General Meeting on behalf of such shareholder. A form of proxy is attached to this notice of Annual General Meeting. Duly completed forms of proxy must be detached and returned to the transfer secretaries of Assore or the registered office of Assore, to be received by no later than 10:30 on Wednesday, 26 November 2014.

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

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

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 Annual General Meeting. Forms of identification considered acceptable include original valid identity documents, driver's licences or passports.

By order of the board
AFRICAN MINING AND TRUST COMPANY LIMITED
Secretaries

Johannesburg
29 October 2014

Notice of Annual General Meeting continued

***Curriculum vitae* of directors retiring in terms of the Memorandum of Incorporation and available for re-election and of independent non-executive directors recommended for election as members of the Audit and Risk Committee**

RJ Carpenter

Non-executive director
BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed as its Managing Director in 1991. He was appointed to the Assore board in 1987 and to the Assmang board in 1989. He served as Deputy Chairman of Assore from 1993 until November 2010, when he stood down in this capacity, in anticipation of his retirement as executive director on 28 February 2011, on which date he accepted an appointment as a non-executive director.

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.

EM Southey

Deputy Chairman and lead independent non-executive director
BA, LLB

Ed was admitted as an attorney, notary and conveyancer in 1967 and practiced 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. He is a former president of the Law Society of the Northern province and of the Law Society 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.

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 share certificates 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, 28 November 2014 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

Shareholders who have dematerialised their certificated 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

(Name in block letters)

of

(Address)

being the holder/s of ordinary shares

in the company, hereby appoint/s (see note 1)

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, 28 November 2014 at 10:30 or at any adjournment thereof.

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

	For	Against	Abstain
Ordinary resolution number 1 Re-election of Mr RJ Carpenter as a director of the company			
Ordinary resolution number 2 Re-election of Mr S Mhlarhi as a director of the company			
Ordinary resolution number 3 Re-election of Messrs EM Southey, S Mhlarhi and WF Urmson as members of the Audit and Risk Committee of the company			
Advisory endorsement of the remuneration policy Advisory endorsement of the remuneration policy			
Special resolution number 1 Approval of non-executive directors' remuneration			
Special resolution number 2 Approval of executive directors' remuneration			
Special resolution number 3 General authorisation to Assore directors 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 2014

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 proxy form 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 must be attached to this form of proxy unless previously recorded by Assore's transfer secretaries or waived by the Chairman of the AGM.
7. Documentary evidence establishing the authority of a 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 meeting.
8. The Chairman of the meeting 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.
9. Completed forms of proxy and the authority (if any) under which they are signed 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, 26 November 2014.

Corporate information

EXECUTIVE DIRECTORS
Desmond Sacco (Chairman)#
CJ Cory (Chief Executive Officer)
AD Stalker (Group Marketing Director)
BH van Aswegen (Group Technical and Operations Director)º

NON-EXECUTIVE DIRECTORS
EM Southey (Deputy Chairman and lead independent director)†*#
RJ Carpenter
S Mhlarhi†*
WF Urmson†*º#

ALTERNATE DIRECTOR
PE Sacco (alternate to Desmond Sacco)

† Independent
*Member of the Audit and Risk Committee
ºMember of the Social and Ethics Committee
Member of the Remuneration Committee

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

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

www.assore.com

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

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

BASTION GRAPHICS

www.assore.com

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