2017

annual financial statements

Annual financial statements

01 Consolidated financial statements

Approval of the consolidated and separate financial statements 1
Company Secretary's certificate 1
Independent auditors' report 2
Directors' report 5
Consolidated statement of financial position 10
Consolidated income statement 11
Consolidated statement of comprehensive income 12
Consolidated statement of cash flow 12
Consolidated statement of changes in equity 13
Notes to the consolidated financial statements 14

02 Company financial statements

Company statement of financial position 42
Company income statement 43
Company statement of comprehensive income 43
Company statement of cash flow 44
Company statement of changes in equity 45
Notes to the company financial statements 46

03 Accounting policies

Accounting policies 58

04 General information

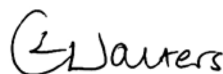
General information 76

Approval of the consolidated and separate annual financial statements

for the year ended 30 June 2017

The consolidated and separate financial statements of Assore Limited for the year ended 30 June 2017, as set out on pages 2 to 75, have been prepared under the supervision of Mr RA Davies CA(SA), have been audited in accordance with section 30(2)(a) of the Companies Act 2008 and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 18 October 2017, and are signed on its behalf by:

Desmond Sacco
Chairman



CE Walters
Chief Executive Officer

Company Secretary's certificate

for the year ended 30 June 2017

We certify that the requirements stated in section 88(2)(e) of the Companies Act 2008 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

18 October 2017

Independent auditor's report

TO THE SHAREHOLDERS OF ASSORE LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Assore Limited and its subsidiaries (the group) set out on pages 5 to 75, which comprise the consolidated and separate statements of financial position as at 30 June 2017, and the consolidated and separate income statement, the consolidated and separate statement of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Assore Limited and the group as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Assore Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Assore Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

<table>
<tr><th>Key audit matter (KAM)</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>DWARSRIVIER ACQUISITION
(Consolidated financial statements)
The group acquired control of 100% of Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier) on 29 July 2016. In accordance with IFRS 3 – Business Combinations, the fair values of the assets acquired and liabilities assumed in a business combination are determined at acquisition date. The fair value of provisional amounts recognised at the acquisition date are adjusted retrospectively if new information is obtained, about facts and circumstances that existed at the acquisition date and would have affected the amounts recognised. The fair values of the identifiable assets and liabilities of Dwarsrivier acquired, together with the fair value of the purchase consideration, was finalised by 30 June 2017. The provisional amounts recorded at acquisition date were accordingly adjusted.

We focused on this area due to the significance of the transaction as well as the judgemental nature of the Purchase Price Allocation (PPA) valuation. The determination of the PPA is based on judgement and estimates of future cash flows that use forward looking estimates which are inherently difficult to determine with precision.

These forecast estimates include:
– Cash flows;
– Commodity prices;
– Foreign exchange rates;
– Discount rates;
– Normal useful life and remaining useful life;
– Plant yield and product split; and
– Cost to sell.

The disclosure associated with the business acquisition is set out in the consolidated financial statements in note 35.1.</td><td>Our audit procedures involved among others, the following:
1. Engaged, as part of our team, valuation specialists to assist us with our assessment of the fair value of the identifiable assets acquired and liabilities assumed.
2. Reviewed the reasonableness of the business valuation methodology and cash flows:
– Evaluated the discounted cash flow model;
– Assessed the reasonability of the inputs and assumptions (including the discount rate, forward chrome prices, forecast exchange rates); and
– Performed sensitivity analysis and the impact on headroom.
3. Reviewed the identification and management's valuation of intangible assets.
4. Reviewed management's valuation of property, plant and equipment:
Property and land
– Reviewed the reports of a professional property valuator with regard to specialised land and property;
– Evaluated the competence, capabilities and objectivity of management's specialist; and
– Obtained an understanding of the work of management's specialist.
Plant and equipment
– Evaluated management's classification of the fixed asset register;
– Evaluated the appropriateness of the valuation methodology chosen for plant and equipment;
– Evaluated management's calculation;
– Assessed the reasonability of the inputs and assumptions (including normal useful life and remaining useful life); and
– Conducted a site visit, including an underground, processing plant and stock piles.
5. Reviewed management's valuation of inventory:
– Evaluated the valuation approaches;
– Evaluated management's calculation and supporting evidence; and
– Assessed the reasonability of the inputs and assumptions (including plant yield, product split and cost to sell).
6. Engaged, as part of our team, tax specialist to assist us in evaluating tax principles applied to these transactions.
7. Evaluated management's calculation and support of the purchase price.
8. Reviewed the take on balance sheet for the identification of identifiable assets acquired and liabilities assumed.
9. Assessed compliance with IFRS and whether the transaction meets the definition of a business combination in terms of IFRS 3.
10. Evaluated the adequacy of financial statement disclosures regarding these transactions.
11. Inspected the accounting entries.</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the Audit Committees' report, the Chief Financial Officer's report, the Company Secretary's certificate and the directors' report in the annual financial statements as required by the Companies Act of South Africa, as well as the directors' approval and affirmation of financial statements. It also includes the integrated annual report and the Mineral Resources and Reserves Statement which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report continued

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc., and its predecessor firm, has been the auditor of Assore Limited for 28 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Dave Cathrall
Registered Auditor
Chartered Accountant (SA)
102 Rivonia Road
Sandton
Johannesburg

19 October 2017

Directors' report

for the year ended 30 June 2017

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% (2016: 50%) interest in Assmang Proprietary Limited (Assmang), which it controls jointly with African Rainbow Minerals Limited (ARM), which is also listed on the JSE. Assmang mines iron and manganese ores, and produces manganese and chrome alloys. In addition, the group mines chrome ore at Dwarsrivier Chrome Mine (refer note 35.1 to the consolidated financial statements) located near Steelpoort in the Lydenburg district. It also 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 and industrial applications. The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint venture and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the operational review and commentary, refer pages 28 to 31 of the 2017 integrated annual report on the group's website, www.assore.com.

FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2017 are summarised below:

	Year ended 30 June	
	2017 R'000	2016 R'000
Turnover	**5 945 266**	2 027 813
Profit before joint-venture entity and foreign listed associate	**1 888 857**	223 927
Share of profit from joint-venture entity, after taxation	**3 266 282**	1 281 000
Share of loss in foreign listed associate	**(16 809)**	(7 286)
Profit for the year	**5 138 330**	1 497 641
(Profit)/loss attributable to non-controlling shareholders	**(117 159)**	41 722
Profit attributable to the shareholders of the holding company	**5 021 171**	1 539 363
Less: Dividends relating to the group's activities for the year under review	**1 444 478**	722 449
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	**837 642**	279 214
Final dividend No 121 of 800 cents (2016: 500 cents) per share – declared on 29 August 2017	**1 116 856**	698 035
Less: Dividends attributable to treasury shares	**(510 020)**	(254 800)
Profit for the year after dividends	**3 576 693**	816 914
The attributable interest of the company in the aggregate net profits and losses after taxation of subsidiary companies was as follows:		
– Profits	**1 843 787**	405 361
– Losses	**(73 648)**	(181 434)

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 is set out on pages 2 to 4, are responsible for expressing an opinion on the financial statements based on their audit.

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

The financial statements have been prepared on a going concern basis and the directors have no reason to believe that the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the carrying amount of all assets included in the statement of financial position are appropriately valued.

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

Directors' report continued

for the year ended 30 June 2017

JOINT-VENTURE ENTITY

Assore holds a 50% interest in Assmang, which it controls jointly with ARM in terms of a long-standing shareholders' agreement. In accordance with IFRS, Assmang is accounted for on the equity accounting basis, and Assore has disclosed its share of Assmang's profit as "share of profit from joint-venture entity, after taxation". Set out below are the financial statements of Assmang in abridged format, which combine its continuing and previously discontinued operations. The "Assets held for distribution" in Assmang referred to the sale of Dwarsrivier (refer note 35.1 to the consolidated financial statements).

Abridged consolidated comprehensive income statement of Assmang

	Year ended 30 June	
	2017 R'000	2016 R'000
Turnover	**26 280 018**	20 654 063
Profit before taxation	**9 101 268**	3 649 115
Taxation	**(2 543 755)**	(993 758)
Earnings	**6 557 513**	2 655 357
Other comprehensive (loss)/income	**(445 405)**	206 442
Dividends declared and paid during the year	**(5 607 730)**	(1 750 000)
Total comprehensive income for the year after dividends	**504 378**	1 111 799

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF ASSMANG

	At 30 June	
	2017 R'000	2016 R'000
Assets		
Non-current assets	**25 073 561**	24 918 898
Current assets		
Inventories	**3 647 687**	3 712 093
Trade and other receivables	**4 317 489**	3 557 556
Financial assets	**275 632**	71 450
Cash resources	**6 330 426**	4 798 476
Assets held-for-sale	**—**	1 843 269
Total assets	**39 644 795**	38 901 742
Equity and liabilities		
Equity	**30 545 874**	30 041 495
Non-current liabilities		
Deferred taxation liability	**5 471 271**	5 097 914
Long-term provisions	**913 301**	802 695
Trade and other payables	**94 439**	96 381
Current liabilities		
Trade and other payables	**1 584 458**	1 320 541
Short-term provisions	**643 080**	698 627
Taxation	**392 372**	213 125
Liabilities directly associated with the assets held-for-sale	**—**	630 964
Total liabilities	**9 098 921**	8 860 247
Total equity and liabilities	**39 644 795**	38 901 742
Capital expenditure	**2 816 981**	2 974 678
Capital commitments	**2 586 774**	3 521 805

DIRECTORS' EMOLUMENTS

	Directors' fees (refer note 1) R'000	Salaries R'000	Bonuses (refer note 2) R'000	Contributions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
2017						
Executive						
Desmond Sacco (Chairman)	**110**	**4 264**	**355**	**—**	**311**	**5 040**
CJ Cory (Chief Executive Officer – retired 30 June 2017)	**96**	**5 666**	**13 777**	**1 435**	**28 778**	**49 752**
PE Sacco (Group Marketing Director)	**96**	**2 592**	**7 162**	**657**	**972**	**11 479**
BH van Aswegen (Group Operations and Growth Director)	**96**	**2 888**	**8 295**	**732**	**1 442**	**13 453**
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	**700**					**700**
DN Aitken (appointed 1 March 2017)	**100**					**100**
TN Mgoduso	**375**					**375**
S Mhlarhi	**375**					**375**
WF Urmson	**575**					**575**
	2 523	**15 410**	**29 589**	**2 824**	**31 503**	**81 849**
2016						
Executive						
Desmond Sacco (Chairman)	110	4 264	355	—	289	5 018
CJ Cory (Chief Executive Officer)	96	5 246	10 405	1 329	838	17 914
PE Sacco (Group Marketing Director – appointed 1 March 2016)	56	2 117	5 378	536	489	8 576
AD Stalker (resigned 29 February 2016)	67	1 848	6 742	444	5 868	14 969
BH van Aswegen (Group Technical Director)	96	2 674	7 098	677	604	11 149
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	650					650
TN Mgoduso	325					325
S Mhlarhi	350					350
IN Mkhari	226					226
WF Urmson	550					550
	2 526	16 149	29 978	2 986	8 088	59 727

Notes:

1. Directors' fees include fees received from Assmang.
2. Due to the shareholding structure the company is unable to offer directors remuneration by way of share incentive or option arrangements, and bonuses are determined based on the group's results for the year and the achievement of its long-term objectives. Directors owning shares in the group do so in their own right and disclosure thereof is made in this report.
3. Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, group life contributions, use of assets and unemployment insurance fund contributions. In 2017, other fringe benefits paid to Mr Cory included an *ex gratia* payment made on his retirement after 28 years of service in the group.

For more detail relating to the group's remuneration policy and structure, refer "Corporate governance and risk management report" on pages 32 to 39 of the 2017 integrated annual report.

Directors' report continued

for the year ended 30 June 2017

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2017 were as follows:

	Direct beneficial number of shares 2017	Indirect beneficial number of shares 2017	Direct beneficial number of shares 2016	Indirect beneficial number of shares 2016
Executive directors				
Desmond Sacco	990 000	32 430 489	960 000	32 430 489
CJ Cory (retired 30 June 2017)	50 000	—	50 000	—
PE Sacco	227 580	—	227 580	—
BH van Aswegen	4 505	—	4 505	—
Non-executive directors				
EM Southey	—	—	—	—
DN Aitken	—	—	—	—
TN Mgoduso	—	—	—	—
S Mhlarhi	—	—	—	—
WF Urmson	—	—	—	—
	1 272 085	32 430 489	1 242 085	32 430 489

Note: No changes in directors' interest have occurred between 30 June 2017 and the date of issue of this report.

DIRECTORATE AND SECRETARY

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

Subsequent to the date of the previous integrated annual report and up to the date of this report the following changes were made to the Assore board:
1 March 2017 – DN Aitken was appointed as non-executive director
30 June 2017 – CJ Cory retired as chief executive officer
1 July 2017 – CE Walters was appointed as chief executive officer

In terms of the Memorandum of Incorporation (MoI), Messrs EM Southey and WF Urmson are required to retire by rotation at the forthcoming Annual General Meeting (AGM). 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 62 of the integrated annual report).

DIVIDENDS

	2017 R'000	2016 R'000
Dividends declared during the year		
Final dividend No 119 of 500 cents (2016: 300 cents) per share – declared 6 September 2016	698 035	418 821
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	837 642	279 214
Less: Dividends attributable to treasury shares	(400 400)	(182 000)
	1 135 277	516 035
Dividends relating to results of the group for the year under review		
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	837 642	279 214
Final dividend No 121 of 800 cents (2016: 500 cents) per share – declared on 29 August 2017	1 116 856	698 035
Less: Dividends attributable to treasury shares	(510 020)	(254 800)
	1 444 478	722 449

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 2017. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2017 Number of shares	2017 %	2016 Number of shares	2016 %
Shareholder spread				
Shares held by the public/non-public				
Non-public*				
– Holders in excess of 10% of the issued share capital	**105 021 450**	**75,23**	105 021 450	75,23
– Directors of the company (direct and beneficial)	**1 272 085**	**0,91**	1 242 085	0,89
	106 293 535	**76,14**	106 263 535	76,12
Public shareholders	**33 313 465**	**23,86**	33 343 465	23,88
	139 607 000	**100,00**	139 607 000	100,00
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 the 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	**1 272 085**	**0,91**	1 242 085	0,89
Others – less than 5%	**33 313 465**	**23,86**	33 343 465	23,88
	139 607 000	**100,00**	139 607 000	100,00

** As defined by Rule 4.25 of the JSE Listings Requirements.*
^ Holding more than five percent of the issued share capital.
 # Refer "Black economic empowerment status report" on pages 40 to 43 of the 2017 integrated annual report.

SPECIAL RESOLUTIONS

The following special resolutions were passed on 25 November 2016:

- The annual remuneration paid to non-executive directors in terms of section 66(9) of the Companies Act as amended for their services as directors were increased, with effect from 1 January 2017, as follows:
  - Deputy chairman and lead independent director R550 000
  - Non-executive directors (excluding deputy chairman) R300 000
  - Members of each of the Audit and Risk Committee, Remuneration Committee and Social and Ethics Committee was to remain at R100 000.
- The annual remuneration paid to executive directors, in terms of section 66(9) of the Companies Act as amended, for their services as directors was to remain at R60 000 per annum.
- That the board may authorise the company to directly or indirectly provide financial assistance to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act, as amended.

EVENT AFTER THE REPORTING PERIOD

On 29 August 2017, the board declared a final dividend of 800 cents per share, amounting to R1 116,9 million, which was paid to shareholders on 26 September 2017.

Consolidated statement of financial position

as at 30 June 2017

	Note	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Investment in joint-venture entity	1	**15 327 400**	15 094 529
Property, plant and equipment	2	**873 531**	176 942
Intangible assets	3	**711 111**	1 667
Investments			
– available-for-sale listed investments	4	**229 376**	180 084
– foreign listed associate	5	**108 729**	124 848
– available-for-sale unlisted investments		**24 098**	44 591
Pension fund surplus	34	**93 144**	68 070
Deferred taxation	14	**—**	17 421
		17 367 389	15 708 152
Current assets			
Inventories	6	**1 223 032**	1 037 471
Trade and other receivables	7	**1 104 332**	418 466
Restricted cash	8	**—**	479 522
Cash resources	9	**5 626 778**	3 184 925
		7 954 142	5 120 384
Total assets		**25 321 531**	20 828 536
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	10	**698**	698
Share premium	11	**264 092**	264 092
Treasury shares	12	**(5 062 848)**	(5 051 583)
Retained earnings		**27 370 925**	23 485 031
Other reserves	13	**76 433**	247 242
Equity attributable to shareholders of the holding company		**22 649 300**	18 945 480
Non-controlling shareholders' deficit		**(24 348)**	(33 871)
Total equity		**22 624 952**	18 911 609
Non-current liabilities			
Deferred taxation liability	14	**283 778**	—
Long-term provisions	15	**127 678**	22 775
Share-based payment liability	16	**7 242**	5 779
		418 698	28 554
Current liabilities			
Trade and other payables	17	**1 500 487**	822 996
Taxation		**72 532**	39 348
Short-term provisions	18	**125 143**	30 255
Overdrafts	19	**579 719**	995 774
		2 277 881	1 888 373
Total equity and liabilities		**25 321 531**	20 828 536

Consolidated income statement

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Revenue	20	**7 223 959**	2 941 047
Turnover		**5 945 266**	2 027 813
Cost of sales		**(4 200 692)**	(1 918 242)
Gross profit		**1 744 574**	109 571
Add: Other income			
Commissions on sales and technical fees	20	**920 055**	673 761
Foreign exchange gains	22	**11 779**	295
Investment income	20	**353 512**	218 119
Bargain purchase gain	35.1	**256 755**	—
Sundry		**7 026**	47 977
Less: Other expenses			
Finance costs	21	**(19 662)**	(38 576)
Foreign exchange losses	22	**(401)**	—
Mining royalty taxes	22	**(178 148)**	(1 455)
Impairment of property, plant and equipment	2	**—**	(41 371)
Impairment of financial assets to below original cost	4	**—**	(30 344)
Impairment of goodwill		**—**	(24 315)
Loss on disposal of interest in subsidiary company		**—**	(21 382)
Provision for rehabilitation of mines placed on care and maintenance		**—**	(34 000)
Staff remuneration and benefits		**(332 600)**	(267 163)
Sundry expenses		**(290 613)**	(190 814)
Profit before taxation	22	**2 472 277**	400 303
Taxation	23	**(583 420)**	(176 376)
Profit after taxation, before joint-venture entity and foreign listed associate		**1 888 857**	223 927
Share of profit from joint-venture entity, after taxation	1	**3 266 282**	1 281 000
Share of loss in foreign listed associate		**(16 809)**	(7 286)
Profit for the year		**5 138 330**	1 497 641
Attributable to:			
Shareholders of the holding company		**5 021 171**	1 539 363
Non-controlling shareholders' share of profits/(losses) in subsidiary companies		**117 159**	(41 722)
As above		**5 138 330**	1 497 641
Earnings per share (cents) (basic and diluted)	24	**4 867**	1 491

Consolidated statement of comprehensive income

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Profit for the year (per consolidated income statement)		**5 138 330**	1 497 641
Items that may be reclassified into the income statement dependent on the outcome of a future event		**(183 604)**	121 607
Gains/(loss) on revaluation to market value of available-for-sale listed investments, after taxation		**38 251**	(18 270)
Gains/(loss) on revaluation to market value/original cost of available-for-sale listed investments	4	**49 292**	(23 544)
Deferred capital gains taxation thereon	14	**(11 041)**	5 274
Exchange differences on translation of foreign operations		**(248 814)**	139 877
Items that may not be reclassified into the income statement dependent on the outcome of a future event			
Actuarial gains in pension fund, after taxation		**26 959**	3 760
Total comprehensive income for the year, net of taxation		**4 954 726**	1 623 008
(Less)/add back: Comprehensive income/(loss) attributable to non-controlling shareholders		**(104 364)**	29 551
Attributable to shareholders of the holding company		**4 850 362**	1 652 559

Consolidated statement of cash flow

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Cash generated from operating activities		**734 600**	212 491
Net cash generated from operations		**2 205 469**	755 406
Cash generated from operations	26.1	**2 089 291**	367 718
Dividend income	20	**4 190**	7 673
Movements in working capital	26.2	**111 988**	380 015
Interest income		**324 197**	210 446
Finance costs	26.3	**(12 003)**	(36 079)
Taxation paid	26.4	**(552 945)**	(173 102)
Dividends paid to shareholders of the holding company	26.5	**(1 535 677)**	(697 863)
Dividends attributable to treasury shares, utilised within the group	26.5	**400 400**	182 000
Dividends paid to non-controlling shareholders		**(94 841)**	(28 317)
Cash retained from investing activities		**2 123 308**	862 431
Proceeds from disposal of available-for-sale unlisted investments		**20 493**	3 217
Additions to property, plant and equipment	2	**(149 859)**	(25 831)
Dividend received from joint-venture entity	1	**2 250 000**	875 000
Proceeds on disposal of property, plant and equipment		**2 674**	10 045
Cash utilised by financing activities		**(416 055)**	(311 192)
Preference shares redeemed		**—**	(346 100)
(Decrease)/increase in overdrafts	19	**(416 055)**	34 908
Cash resources			
– increase for the year		**2 441 853**	763 730
– at beginning of year		**3 184 925**	2 421 195
– at end of year	9	**5 626 778**	3 184 925

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Share capital			
Balance at beginning and end of year	10	**698**	698
Share premium			
Balance at beginning and end of year	11	**264 092**	264 092
Treasury shares			
Balance at beginning of year		**(5 051 583)**	(5 051 583)
Acquired during the year		**(11 265)**	—
Balance at end of year	12	**(5 062 848)**	(5 051 583)
Retained earnings			
Balance at beginning of year		**23 485 031**	22 461 703
Profit for the year		**5 021 171**	1 539 363
Ordinary dividends declared during the year	25	**(1 135 277)**	(516 035)
Final dividend No 119 of 500 cents (2016: 300 cents) per share – declared on 6 September 2016		**(698 035)**	(418 821)
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017		**(837 642)**	(279 214)
Less: Dividends attributable to treasury shares		**400 400**	182 000
Balance at end of year		**27 370 925**	23 485 031
Other reserves			
Balance at beginning of year		**247 242**	134 046
Other comprehensive income		**(170 809)**	113 196
– gain/(loss) after taxation arising on revaluation of available-for-sale listed investments to market value at year-end		**38 251**	(18 270)
– foreign currency translation reserve arising on consolidation		**(236 019)**	127 706
– actuarial gains on pension fund, after taxation		**26 959**	3 760
Balance at end of year	13	**76 433**	247 242
Equity attributable to shareholders of the holding company		**22 649 300**	18 945 480
Non-controlling shareholders' deficit			
Balance at beginning of year		**(33 871)**	15 765
Share of total comprehensive loss		**9 523**	(49 636)
Total comprehensive loss for the year, net of taxation		**104 364**	(29 551)
– profit/(loss) for the year		**117 159**	(41 722)
– other comprehensive (loss)/income for the year		**(12 795)**	12 171
Dividends paid to non-controlling shareholders		**(94 841)**	(28 317)
Relief realised on derecognition of non-controlling deficit on disposal of subsidiary	33.3	**—**	8 232
Balance at end of year		**(24 348)**	(33 871)
Total equity		**22 624 952**	18 911 609

Notes to the consolidated financial statements

for the year ended 30 June 2017

1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2016: 50%) interest in Assmang Proprietary Limited (Assmang), a South African company which it jointly controls with African Rainbow Minerals (ARM) which is also listed on the JSE. Assmang mines iron and manganese 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 2017.

	2017 R'000	2016 R'000
Consolidated income statement of Assmang (accounting for Dwarsrivier as a discontinued operation in 2016)		
Turnover	**26 280 018**	18 927 093
Cost of sales	**(14 810 082)**	(14 374 497)
Gross profit	**11 469 936**	4 552 596
Other operating income	**625 165**	796 369
Other operating expenses	**(3 926 871)**	(2 185 862)
Profit from operations	**8 168 230**	3 163 103
Loss from joint-venture entity	**(46 137)**	(17 741)
Income from investments	**1 074 176**	416 251
Finance costs	**(95 001)**	(59 258)
Profit before taxation	**9 101 268**	3 502 355
Taxation	**(2 543 755)**	(950 181)
Profit for the year from continuing operations, net of taxation	**6 557 513**	2 552 174
Discontinued operations		
Profit after taxation for the year from discontinued operation	**—**	103 183
Other comprehensive income	**(445 405)**	206 442
Total comprehensive income for the year, net of taxation (group interest therein 50% (2016: 50%)) (refer "Equity accounting results for Assmang")	**6 112 108**	2 861 799
Dividends declared during the year	**5 607 730**	1 750 000
Abridged consolidated statement of financial position of Assmang		
Total assets		
Non-current assets	**25 073 561**	24 918 898
Current assets		
Inventories	**3 647 687**	3 712 093
Trade and other receivables	**4 317 489**	3 557 556
Financial assets	**275 632**	71 450
Cash resources	**6 330 426**	4 798 476
Assets held-for-sale	**—**	1 843 269
	39 644 795	38 901 742
Total liabilities		
Non-current liabilities		
Deferred taxation liability	**5 471 270**	5 097 914
Long-term provisions	**916 300**	802 695
Trade and other payables	**94 439**	96 381
Current liabilities		
Trade and other payables	**1 572 077**	1 320 541
Short-term provisions	**750 612**	698 627
Taxation	**392 374**	213 125
Liabilities directly associated with the assets held-for-sale	**—**	630 964
	9 197 072	8 860 247
Net assets	**30 447 723**	30 041 495
Proportion of the group's ownership	**50%**	50%
Carrying amount of investment		
Opening balance	**15 094 529**	14 585 308
Share of profit after taxation	**3 266 282**	1 281 000
Sale of Dwarsrivier	**(560 709)**	—
Share of other comprehensive income, net of taxation	**(222 702)**	103 221
Less: Dividends received	**(2 250 000)**	(875 000)
Carrying amount of investment in statement of financial position	**15 327 400**	15 094 529

	2017 R'000	2016 R'000
1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)		
Carrying amount of investment (continued)		
Capital expenditure	2 816 981	2 974 678
Capital commitments	2 586 774	3 521 805
– contracted for	857 218	1 123 409
– not contracted for	1 729 556	2 398 396
Equity accounting results of Assmang		
Total comprehensive income for the year, net of taxation	6 112 107	2 861 799
Add/(less): Other comprehensive income/(loss) from continuing and discontinued operations	445 405	(206 442)
	6 557 512	2 655 357
Less: Depreciation not recorded in Assmang as assets held-for-sale (Dwarsrivier), effective 25 June 2015, required for group	—	(68 410)
Assmang profit after taxation accounting for Dwarsrivier as a continuing operation	6 557 512	2 586 947
50% thereon	3 278 756	1 293 474
Group consolidation adjustments	(12 474)	(12 474)
Share of profit from joint-venture entity after taxation per income statement	3 266 282	1 281 000
Impairment of assets		
The carrying values of the following assets were fully impaired at year-end, as no future economic benefits were expected to arise from these operations:		
– Dwarsrivier, upon sale to joint venture partner	749 347	—
– one furnace and associated assets at Cato Ridge Works	124 626	—
– manganese export storage facility at Cato Ridge Works	68 396	—
– mine properties and associated assets at Machadodorp Works	—	333 110
– design work, on the training facility and sorter plant at Black Rock	—	72 308
	942 369	405 418

	Cost 2017 R'000	Accumulated depreciation and impairment charges 2017 R'000	Carrying amount 2017 R'000	Cost 2016 R'000	Accumulated depreciation and impairment charges 2016 R'000	Carrying amount 2016 R'000
2 PROPERTY, PLANT AND EQUIPMENT						
At year-end						
Land and buildings	194 517	(42 373)	152 144	159 346	(48 044)	111 302
Plant, machinery and equipment	872 091	(454 907)	417 184	314 411	(270 011)	44 400
Vehicles	243 091	(101 896)	141 195	32 830	(28 697)	4 133
Furniture, fittings and office equipment	159 124	(90 083)	69 041	110 448	(96 149)	14 299
Prospecting, exploration, mine development and decommissioning assets	213 096	(211 013)	2 083	332 957	(330 149)	2 808
Mineral and prospecting rights	3 040	(3 040)	—	3 037	(3 037)	—
Capital work-in-progress	1 936	—	1 936	—	—	—
Mine properties	93 207	(3 259)	89 948	—	—	—
	1 780 102	(906 571)	873 531	953 029	(776 087)	176 942

Notes to consolidated financial statements continued

for the year ended 30 June 2017

2 PROPERTY, PLANT AND EQUIPMENT (continued)

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Acquisition of Dwarsrivier R'000	Reclassi-fications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Movement for the year – 2017							
Land and buildings	111 302	2 574	(9)	46 000	—	(391)	159 476
Plant, machinery and equipment	44 400	91 343	(15 886)	341 236	—	(42 611)	418 482
Vehicles	4 133	34 179	(2 216)	184 802	—	(79 700)	141 198
Furniture, fittings and office equipment	14 299	19 477	(127)	40 290	—	(3 912)	70 027
Prospecting, exploration, mine development and decommissioning assets	2 808	351	(2 302)	—	—	(23)	834
Capital work-in-progress	—	1 935	(1)	—	—	—	1 934
Mine properties	—	—	—	85 427	—	(3 847)	81 580
	176 942	149 859	(20 541)	697 755	—	(130 484)	873 531

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Disposal of subsidiary R'000	Reclassi-fications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
Movement for the year – 2016							
Land and buildings	117 538	1 462	(191)	—	7 496	(15 003)	111 302
Plant, machinery and equipment	53 074	1 042	(1 143)	(369)	(1 725)	(6 479)	44 400
Vehicles	12 230	896	(1 397)	(369)	465	(7 692)	4 133
Furniture, fittings and office equipment	13 376	11 389	(118)	(6)	1 474	(11 816)	14 299
Prospecting, exploration, mine development and decommissioning assets	1 680	11 042	(7 192)	—	24 734	(27 456)	2 808
Capital work-in-progress	32 444	—	—	—	(32 444)	—	—
	230 342	25 831	(10 041)	(744)	—	(68 446)	176 942

	2016 R'000
Impairment of assets	
In the prior year open-cast reserves at Rustenburg Minerals had been substantially depleted and following the suspension of underground mining and development activities, the remaining items of property, plant and equipment, which have no value-in-use, have been impaired in full as follows:	
– land and buildings	12 516
– plant, machinery and equipment	2 857
– vehicles	2 788
– furniture, fittings and office equipment	904
– prospecting, exploration, mine development and decommissioning assets	22 306
Per note 22	41 371

		2017 R'000	2016 R'000
3	**INTANGIBLE ASSETS**		
	Licences		
	Carrying amount at beginning of year	249	429
	Amortisation for the year	(180)	(180)
	Carrying amount at end of year	69	249
	Dwarsrivier mineral rights	709 624	—
	– acquired during the year	736 016	—
	– amortisation during the year	(26 392)	—
	Goodwill		
	Goodwill arising on the acquisition of Minerais U.S. LLC	1 418	1 418
		711 111	1 667
	The directors are of the opinion that remaining goodwill recognised will be recovered in the form of future cash flows anticipated from Minerais U.S. LLC and is therefore not impaired		
4	**AVAILABLE-FOR-SALE LISTED INVESTMENTS**		
	Listed investments at cost	319 767	319 767
	Cumulative impairment charges included in profit or loss (retained earnings)	(170 929)	(170 929)
	Opening balance	(170 929)	(140 585)
	Impairment of carrying value below cost disclosed in the income statement	—	(30 344)
	Cumulative fair value adjustment included in other comprehensive income	80 538	31 246
	Opening balance	31 246	54 790
	Fair value adjustment at year-end disclosed in other reserves	49 292	(23 544)
		229 376	180 084

		2017 R'000	2016 R'000
5	**INVESTMENT IN FOREIGN LISTED ASSOCIATE**		
	70 833 333 (2016: 70 833 333) shares in IronRidge Resources Limited (IronRidge)		
	– at cost	**121 953**	121 953
	– share of net asset value (NAV)	**50 306**	50 306
	– goodwill	**71 647**	71 647
	Share of equity losses to date	**(13 224)**	(8 483)
	– balance at beginning of year	**(8 483)**	(1 197)
	– share of equity losses for the year	**(4 741)**	(7 286)
	Foreign currency translation reserve recorded in other comprehensive income	**—**	11 378
	– carrying value at end of year	**108 729**	124 848

The investment represents 29,6% of IronRidge's ordinary share capital, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

IronRidge is registered in Australia and is an emerging exploration company, with exploration projects for iron ore in Gabon, lithium in Ghana, gold in Chad and bauxite in Australia.

In accordance with IFRS, IronRidge is accounted for on the equity accounting basis and Assore has disclosed its share of IronRidge's loss after taxation in its income statement as "Share of loss in foreign listed associate". At year-end, the fair value of the group's investment, based on the AIM price, was R423 044 998 (2016: R58 752 000).

The financial information set out below has been extracted from the provisional results of IronRidge for the year ended 30 June 2017, converted to the group reporting currency as follows:

	2017 R'000	2016 R'000
Abridged income statement of IronRidge		
Revenue	**43**	61
Total reported comprehensive loss for the year	**(53 648)**	(24 367)
Abridged statement of financial position of IronRidge		
Non-current assets	**95 370**	58 515
Current assets		
– trade and other receivables	**1 067**	560
– other current assets	**130**	600
– cash resources	**23 277**	119 955
	119 844	179 630
Total liabilities		
Trade and other payables	**8 460**	4 768
Net assets	**111 384**	174 862
Portion owned by group (%)	**29,64**	29,90

Subsequent to year-end, the group acquired a further 8 083 shares in the amount of R49,2 million by way of a combination of rights issues and exercising the existing "creep" provisions contained in the shareholders' agreement.

		2017 R'000	2016 R'000
6	**INVENTORIES**		
	Raw materials	**638**	19 774
	Consumable stores	**99 120**	9 718
	Work-in-progress	**132 970**	1 358
	Finished goods	**990 304**	1 006 621
		1 223 032	1 037 471
	Cost of inventory expensed included in cost of sales	**4 015 131**	1 805 533
	Cost of inventory written down during the year included in cost of sales	**10 860**	3 686
7	**TRADE AND OTHER RECEIVABLES**		
	Trade	**825 334**	356 117
	Other	**278 998**	62 349
	– commissions receivable	**112 954**	38 059
	– dividend receivable	**95 504**	—
	– interest receivable	**18 476**	21 978
	– sundry	**52 064**	2 312
		1 104 332	418 466
	Trade receivables are non-interest-bearing and the terms range between 30 and 90 days (for more information on credit risk refer note 27.1).		
8	**RESTRICTED CASH**		
	On 25 June 2015, the group acquired ARM's 50% share of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction was subject to certain conditions precedent (CPs), which at previous year-end had not all been fulfilled. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account.		
	The transaction was completed on 29 July 2016 (refer note 35.1).		
	Cash including interest received held in escrow at year-end	**—**	479 522
9	**CASH RESOURCES**		
	Cash on deposit, fixed deposit (including accrued interest)	**3 499 529**	3 123 433
	Variable rate deposits and current accounts	**2 055 988**	34 732
	Cash pledged in favour of bankers by a subsidiary company to secure environmental guarantees issued by them	**71 261**	26 760
		5 626 778	3 184 925
10	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2016: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at the beginning and end of year		
	139 607 000 (2016: 139 607 000) ordinary shares of 0,5 cents each	**698**	698
11	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092

Notes to consolidated financial statements continued

for the year ended 30 June 2017

		2017 R'000	2016 R'000
12	**TREASURY SHARES**		
	36 447 646 (2016: 36 400 000) ordinary shares in Assore Limited:		
	Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS 904)	**(2 692 555)**	(2 692 555)
	– 16 464 450 (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)
	Owned by the Assore Employee Trust	**(11 265)**	—
	– 47 646 (0,34% of the issued share capital) acquired during November 2016 by the Assore Employee Trust at an average price of R228,20 (refer note 16)	**(11 120)**	—
	– Transaction costs thereon	**(145)**	—
	Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)	**(2 359 028)**	(2 359 028)
	– 19 935 550 (14,28% of the issued share capital) acquired over the 2006 to 2010 financial years at an average cost of R118,00 per share	**(2 352 354)**	(2 352 354)
	– Transaction and warehousing costs thereon	**(6 674)**	(6 674)
	Balance at end of year	**(5 062 848)**	(5 051 583)
13	**OTHER RESERVES**		
	Foreign currency translation reserve arising on consolidation	**(71 588)**	164 431
	Accumulated actuarial gains in Assore pension fund	**82 955**	55 996
	– Balance at beginning of year	**55 996**	52 236
	– Net actuarial gains per statement of comprehensive income	**26 959**	3 760
	– Actuarial gains for the year	**37 443**	5 223
	Less: Deferred taxation thereon (refer note 14)	**(10 484)**	(1 463)
	After tax fair value adjustment arising on the revaluation of available-for-sale listed investments at year-end:	**65 066**	26 815
	Gross fair value adjustment (refer note 4)	**80 538**	31 246
	Less: Deferred capital gains taxation	**(15 472)**	(4 431)
		76 433	247 242

	2017 R'000	2016 R'000
14 DEFERRED TAXATION LIABILITY/(ASSET)		
At year-end		
Arising on temporary differences		
– accelerated capital allowances	**3 665**	249
– provisions raised	**24 422**	(5 679)
– valuations of inventories	**(24 234)**	—
– income received in advance	**(9 123)**	—
– pension fund surplus	**26 080**	19 060
– revaluation of available-for-sale listed investments	**(20 248)**	(31 289)
– deferred taxation: acquisition of Dwarsrivier	**282 383**	—
– prepaid expenditure	**833**	238
	283 778	(17 421)
Movements		
Balance at beginning of year	**(17 421)**	(4 964)
Amount arising on acquisition of Dwarsrivier (refer note 35.1)	**282 383**	—
Movements for the current year:		
Movements in income statement		
Arising on temporary differences	**(2 709)**	(11 865)
– accelerated capital allowances	**3 416**	(901)
– provisions raised	**30 101**	543
– valuation of inventories	**(24 234)**	—
– income received in advance	**(9 123)**	—
– pension fund surplus	**(3 464)**	1 505
– revaluation of available-for-sale listed investments below original cost	**—**	(13 235)
– prepaid expenditure	**595**	223
Arising on change in capital gains taxation rate	**—**	3 219
Arising on temporary differences included in other comprehensive income		
– revaluation of available-for-sale listed investments at year-end	**11 041**	(5 274)
– actuarial gains on pension fund	**10 484**	1 463
As above	**283 778**	(17 421)

		2017 R'000	2016 R'000
15	**LONG-TERM PROVISIONS**		
	Environmental obligations		
	Provision against cost of decommissioning assets	**36 187**	6 079
	Balance at beginning of year	**6 079**	6 527
	Provisions raised/(utilised) during the year	**26 662**	(1 400)
	Unwinding of discount on the provision	**3 446**	952
	Provision for cost of environmental restoration	**43 865**	16 696
	Balance at beginning of year	**16 696**	10 588
	Provisions raised during the year	**22 956**	4 563
	Unwinding of discount on the provision	**4 213**	1 545
	Employee benefit liability	**47 626**	—
	Provision arising on acquisition of Dwarsrivier	**56 478**	—
	Transfer between long and short-term provisions	**(8 852)**	—
	Leave pay	**—**	—
	Balance at beginning of year	**—**	1 318
	Provisions utilised during the year	**—**	(1 318)
	Balance at end of year	**127 678**	22 775

The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 6,30% and 8,25% (2016: 8,79% and 10,75%) and the nominal discount rates vary between 6,30% and 8,25% (2016: 8,79% and 10,75%).

		2017 R'000	2016 R'000
16	**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	**7 242**	5 779

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.

At 30 June 2017, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R11 678 103 (2016: R9 599 000). The number of EPRs that have vested to date amount to 173 179 (2016: 155 290), and have a combined intrinsic value of R2 770 456 (2016: R3 933 000). The decreased value is attributable to the determined decrease in fair value per EPR.

The following assumptions were used in determining the fair value of the EPRs:
- dividend yield, between 2,44% and 3,78% (2016: 2,39% and 2,47%)
- expected volatility, between 41,64% and 44,95% (2016: 44,95% and 47,18%)
- risk-free interest rate between 7,77% and 8,81% (2016: 8,00% and 8,38%)

		2017 R'000	2016 R'000
17	**TRADE AND OTHER PAYABLES**		
	Trade	**1 450 654**	746 420
	Other	**49 833**	76 576
		1 500 487	822 996
	Trade and other payables are non-interest-bearing and terms vary between 30 and 90 days.		
18	**SHORT-TERM PROVISIONS**		
	Bonuses	**74 917**	8 495
	Balance at beginning of year	**8 495**	11 486
	Provisions raised during the year	**120 873**	8 090
	Transfers between long and short-term provisions	**8 852**	—
	Payments made during the year	**(63 303)**	(11 081)
	Leave pay	**40 757**	12 291
	Balance at beginning of year	**12 291**	12 573
	Provisions raised during the year	**30 417**	2 877
	Payments made during the year	**(1 951)**	(2 958)
	Relief realised on disposal of subsidiary company	**—**	(201)
	Environmental compliance	**9 469**	9 469
	Balance at beginning of year	**9 469**	4 405
	Provisions raised during the year	**—**	14 939
	Payments made during the year	**—**	(9 875)
		125 143	30 255
19	**OVERDRAFTS**		
	Owing at end of year	**579 719**	995 774
	Foreign subsidiary, Minerais U.S. LLC, maintains a US dollar denominated overdraft facility with a South African bank which provides it with the ability to borrow up to an aggregate of US$97,5 million (2016: US$100 million) to finance inventory and trade receivables, all of which are insured against default. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% above LIBOR which at year-end was 0,42% (2016: 0,40%). The overdraft is guaranteed by the holding company.		
20	**REVENUE**		
	Revenue comprises		
	Sales of mining and beneficiated products	**5 941 992**	2 033 298
	Commissions on sales and technical fees	**920 055**	673 761
	Investment income	**353 512**	218 119
	Interest received	**349 322**	210 446
	Dividends received from available-for-sale investments	**4 190**	7 673
	Other	**8 400**	15 869
		7 223 959	2 941 047

Notes to consolidated financial statements continued

for the year ended 30 June 2017

		2017 R'000	2016 R'000
21	**FINANCE COSTS**		
	Paid and accrued on:		
	Preference shares	—	29 015
	Unwinding of discount on provisions (refer note 15)	7 659	2 497
	Overdraft facilities	12 003	7 064
		19 662	38 576
22	**PROFIT BEFORE TAXATION**		
	Profit before tax is stated after taking into account the following items of income and expenditure:		
	Income		
	Foreign exchange gains	11 779	295
	– realised	11 228	155
	– unrealised	551	140
	Relief realised on disposal of subsidiary (refer note 33.3)	—	8 578
	Expenditure		
	Amortisation of intangible assets	26 572	180
	Cost of inventories written down (refer note 6)	10 860	3 686
	Depreciation and impairment charges of property, plant and equipment (refer note 2)	130 484	68 446
	Depreciation	130 484	27 075
	– land and buildings	391	2 487
	– plant, machinery and equipment	42 611	3 622
	– vehicles	79 700	4 904
	– furniture, fittings and office equipment	3 912	10 912
	– mine properties	3 847	—
	– prospecting, exploration, mine development and decommissioning assets	23	5 150
	Impairment arising at year-end on review of carrying values (refer note 2)	—	41 371
	Impairment of goodwill	—	24 315
	Impairment of trade and other receivables (refer note 33.3)	—	21 382
	Foreign exchange losses	401	—
	– realised	401	—
	– unrealised	—	—
	Loss on disposal of property, plant and equipment	—	5
	Operating lease expenses	1 213	828
	Professional fees	21 264	21 552
	Secretarial fees	990	445
	Mining royalty taxes		
	– chrome	177 981	898
	– other	167	557
	Staff costs		
	– salaries and wages (included in cost of sales)	650 626	—
	– salaries and wages (including executive directors' emoluments)	327 264	261 801
	– pension fund costs (refer note 34)	49 984	29 934
	– contributions to medical aid funds	5 336	5 362

	2017 R'000	2016 R'000
23 TAXATION		
South African normal taxation		
– current year	**579 010**	172 463
– under/(over) provision relating to prior years	**—**	5 644
Deferred taxation		
– reversal of temporary differences in current year (refer note 14)	**(2 709)**	(11 865)
– change in capital gains taxation rate (refer note 14)	**—**	3 219
Securities transfer taxation on redemption of preference dividends	**1 282**	199
Dividend withholding tax, paid on treasury shares	**5 837**	3 513
Foreign taxation by foreign subsidiary		
– current year	**—**	3 203
	583 420	176 376
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies, which are not on care and maintenance at year-end, for which no deferred taxation assets have been raised. These losses are current and have not expired.	**55 307**	61 764
Reconciliation of the taxation charge as a percentage of profit before taxation	**%**	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Under provision relating to prior years	**—**	1,41
Securities transfer taxation on redemption of preference dividends	**0,05**	0,05
Dividend withholding tax, paid on treasury shares	**0,24**	0,88
Deferred taxation assets arising on impairment charges not recognised	**—**	8,21
Disallowable expenditure[#]	**1,81**	3,54
Exempt income	**(8,41)**	(0,54)
Change in capital gains taxation rate	**—**	0,80
Other deferred taxation assets not recognised	**2,12**	1,71
Other items	**(0,21)**	—
Effective tax rate	**23,60**	44,06

[#] *Disallowable expenditure relates to finance costs on preference shares, legal and professional fees and other expenses of a capital nature not qualifying for deductions.*

Notes to consolidated financial statements continued

for the year ended 30 June 2017

	2017	2016
24 EARNINGS AND HEADLINE EARNINGS PER SHARE		
Earnings and headline earnings per share		
Earnings per share (cents) (basic and diluted)	**4 867**	1 491
Headline earnings per share (cents) (basic and diluted)	**5 049**	1 690
The above calculations were determined using the following information:		
	R'000	R'000
Earnings		
Profit attributable to shareholders of the holding company	**5 021 171**	1 539 363
Headline earnings		
Earnings as above	**5 021 171**	1 539 363
Adjusted for:		
Impairment of non-financial assets in joint-venture entity	**70 414**	145 950
– before taxation (refer note 1)	**96 501**	202 709
– taxation effect	**(26 087)**	(56 759)
Impairment of Dwarsrivier upon sale in joint-venture entity	**373 014**	—
Bargain purchase gain (Dwarsrivier) (refer note 35.1)	**(256 755)**	—
Impairment of non-financial assets in subsidiaries – attributable (refer note 2)	**—**	23 168
Impairment of non-financial assets in group (before non-controlling shareholder's portion)	**—**	41 371
– before taxation	**—**	41 371
– taxation effect	**—**	—
Less: Non-controlling shareholder's portion	**—**	(18 203)
Impairment of financial assets	**—**	23 547
– before taxation (refer note 4)	**—**	30 344
– taxation effect	**—**	(6 797)
Impairment of goodwill	**—**	24 315
Loss/(profit) on disposal of property, plant and equipment in joint-venture entity	**1 202**	(5 995)
– before taxation	**1 670**	(8 326)
– taxation effect	**(468)**	2 331
Relief realised on disposal of subsidiary	**—**	(6 176)
– before taxation (refer note 33.3)	**—**	(8 578)
– taxation effect	**—**	2 402
Loss on disposal of property, plant and equipment in subsidiaries	**—**	4
– before taxation (refer note 22)	**—**	5
– taxation effect	**—**	(1)
	5 209 046	1 744 176
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 12)	**(36 430)**	(36 400)
Weighted average number of shares in issue for the year	**103 177**	103 207

		2017 R'000	2016 R'000
25	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 119 of 500 cents (2016: 300 cents) per share – declared on 6 September 2016	**698 035**	418 821
	Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	**837 642**	279 214
	Total dividend for the year	**1 535 677**	698 035
	Less: Dividends attributable to treasury shares	**(400 400)**	(182 000)
		1 135 277	516 035
	Per share (cents)	**1 100**	500
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	**837 642**	279 214
	Final dividend No 121 of 800 cents (2016: 500 cents) per share – declared on 29 August 2017	**1 116 856**	698 035
	Less: Dividends attributable to treasury shares	**(510 020)**	(254 800)
		1 444 478	722 449
	Per share (cents)	**1 400**	700
26	**NOTES TO THE STATEMENT OF CASH FLOW**		
26.1	**Cash generated from operations**		
	Profit before taxation	**2 472 277**	400 303
	Adjusted for:		
	– interest received	**(349 322)**	(210 446)
	– dividends received	**(4 190)**	(7 673)
	– bargain purchase gain (refer note 35.1)	**(256 755)**	—
	– loss on disposal of property, plant and equipment	**—**	5
	– profit on disposal of subsidiary	**—**	(8 578)
	– net foreign exchange gains	**(11 378)**	(295)
	– cost of inventories written down	**10 860**	3 686
	– depreciation of property, plant and equipment	**130 484**	27 075
	– amortisation of intangible assets	**26 572**	180
	– impairment of property, plant and equipment	**—**	41 371
	– impairment of financial assets to below original cost	**—**	30 344
	– impairment of goodwill	**—**	24 315
	– impairment of trade and other receivables	**—**	21 382
	– finance costs	**19 662**	38 576
	– movements in long-term provisions	**49 618**	4 342
	– cash-settled share-based payment charges	**1 463**	3 131
		2 089 291	367 718

		2017 R'000	2016 R'000
26	**NOTES TO THE STATEMENT OF CASH FLOW (continued)**		
26.2	**Movements in working capital**		
	Movement in inventories	**270 070**	(112 709)
	Movement in foreign currency translation	**(69 621)**	6 191
	Movement in trade and other receivables	**(454 375)**	(8 141)
	Movement in trade and other payables	**399 573**	518 588
	Payments against short-term provisions	**(33 659)**	(23 914)
		111 988	380 015
26.3	**Finance costs**		
	Finance costs per income statement	**(19 662)**	(38 576)
	Unwinding of discount on environmental obligations	**7 659**	2 497
		(12 003)	(36 079)
26.4	**Taxation paid**		
	Unpaid at beginning of year	**(39 348)**	(27 428)
	Charged to the income statement	**(583 420)**	(176 376)
	Movement in deferred taxation (refer note 14)	**(2 709)**	(8 646)
	Unpaid at end of year	**72 532**	39 348
		(552 945)	(173 102)
26.5	**Dividends paid to shareholders of the holding company**		
	Unpaid at beginning of year	**(2 623)**	(2 451)
	Declared during the year (refer note 25)	**(1 535 677)**	(698 035)
	Dividends attributable to treasury shares (refer note 25)	**400 400**	182 000
	Unpaid at end of year included in other payables	**3 112**	2 623
		(1 134 788)	(515 863)

27 FINANCIAL RISK MANAGEMENT

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

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

The boards of the individual companies in the group (boards) have overall responsibility for the establishment and oversight of the risk management framework. These boards have delegated these responsibilities to the group's Executive Committee, which is responsible for the development and monitoring of risk management within the group. 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.

27 FINANCIAL RISK MANAGEMENT (continued)

27.1 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. The group maintains credit insurance on certain accounts in South Africa and all accounts established in the United States.

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.

	2017 R'000	2016 R'000
Cash resources	5 626 778	3 184 925
Restricted cash	—	479 522
Trade receivables	825 334	356 117
– local	128 343	75 453
– foreign	696 991	280 664
Other receivables	278 998	62 349
	6 731 110	4 082 913

	2017 Carrying amount of receivables not impaired R'000	2016 Carrying amount of receivables not impaired R'000
Trade receivables	825 334	356 117
Not past due, not impaired	790 788	355 305
Past due, not impaired as considered recoverable	34 546	812
Other receivables		
Not past due, not impaired (refer note 7)	278 998	62 349
	1 104 332	418 466

27.2 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 Committee from the group companies on a regular basis depending on the type of funding required. Measures have been introduced to ensure that the cash flow information received is accurate and complete.

Surplus funds are deposited with large South African banks, either on call or on term deposits, taking into account the Executive Committee's views on interest rates.

Undrawn credit facilities

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

The holding company has facilities in place to issue letters of credit and bank guarantees where required and to ensure liquidity. Subsidiary company Minerais U.S. LLC has a banking facility in place, secured by a holding company guarantee, to finance its inventory and receivables, which bears interest at a rate linked to LIBOR. At year-end, the facility was US$97,5 million (2016: US$100 million), of which US$44 500 000 (2016: US$67 000 000) was utilised.

Notes to consolidated financial statements continued

for the year ended 30 June 2017

27 FINANCIAL RISK MANAGEMENT (continued)

27.2 Liquidity risk (continued)

Exposure to liquidity risk

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

	Carrying amount R'000	Total expected cash flows R'000	Contracted maturity date 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
2017						
Financial assets						
Listed and unlisted investments#	253 474	253 474	—	—	—	253 474
Investment in foreign listed associate#	108 729	108 729	—	—	—	108 729
Trade and other receivables	1 104 332	1 104 332	1 104 332	—	—	—
Cash resources	5 626 778	5 626 778	5 626 778	—	—	—
	7 093 313	7 093 313	6 731 110	—	—	362 203
Financial liabilities						
Trade and other payables	1 500 487	1 500 487	1 500 487	—	—	—
Overdrafts	579 719	579 719	579 719	—	—	—
Guarantees	307 362	307 362	307 362	—	—	—
	2 387 568	2 387 568	2 387 568	—	—	—
2016						
Financial assets						
Listed and unlisted investments#	224 675	224 675	—	—	—	224 675
Investment in foreign listed associate	124 848	124 848	—	—	—	124 848
Trade and other receivables	418 466	418 466	418 466	—	—	—
Restricted cash	479 522	479 522	479 522	—	—	—
Cash resources	3 184 925	3 184 925	3 184 925	—	—	—
	4 432 436	4 432 436	4 082 913	—	—	349 523
Financial liabilities						
Trade and other payables	822 996	822 996	822 996	—	—	—
Overdrafts	995 774	995 774	995 774	—	—	—
Guarantees	210 762	210 762	210 762	—	—	—
	2 029 532	2 029 532	2 029 532	—	—	—

 # These investments do not have contractual maturities.

27.3 Market risk

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

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk (continued)

27.3.1 Interest risk note

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

The board determines the interest rate risk strategy based on economic expectations and recommendations received from members of the Executive Committee and senior executives of its offshore interests. 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:

	2017 R'000	2016 R'000
Variable rate instruments		
Liabilities		
Overdrafts (refer note 19)	**579 719**	995 774
Assets		
Cash resources (refer note 9)	**2 127 249**	3 184 925

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points in interest rates applicable to variable rate instruments at the reporting date would have increased profit after taxation by R5 571 100 (2016: R7 881 000). This assumes that all other variables remain constant. There is no impact on the group's equity. Net effect on profit or loss is equal but opposite for a 50 basis points decrease in interest rates on the variable instruments listed above.

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.

27.3.2 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. These markets are predominantly priced in US dollar 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 exposures 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" on page 32).

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

	2017 R'000	2016 R'000
Foreign receivables included in trade receivables		
– US dollar denominated	**696 991**	280 664
Foreign overdraft (refer note 19)		
– US dollar denominated	**579 719**	995 774
Total exposure at year-end	**1 276 710**	1 276 438

Foreign currency sensitivity analysis

A 5% strengthening of the rand against the US dollar would have decreased profit or loss for the year by R45 962 000 (2016: R45 952 000) as a result of revaluation of foreign denominated balances. A 5% weakening of the rand against the abovementioned currencies would have had an equal but opposite effect on profit and loss, on the basis that all other variables remained constant.

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk (continued)

Forward exchange contracts and other commitments

The group undertakes economic hedging of receivables denominated in US dollar at times when the rand/US dollar exchange rate appears volatile. The level of exposure on these limited hedging activities did not exceed US$100 million (2016: US$100 million) at any stage during the year.

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

	2017 Foreign currency amount US$'000	2017 Presentation currency notional amount R'000	2016 Foreign currency amount US$'000	2016 Presentation currency notional amount R'000
Purchase contracts				
US dollar	35 900	475 958	13 100	194 696
Sales contracts				
US dollar	58 900	780 889	33 800	502 346

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 R229,0 million (2016: R180,0 million). A decrease of 1% on the relevant market index would have an impact of approximately R2,3 million (2016: 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 unless the shares are sold or fall below cost.

28 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
2017				
Financial assets				
Listed and unlisted investments	253 474	—	—	253 474
Trade and other receivables	—	1 104 332	—	1 104 332
Cash resources	—	5 626 778	—	5 626 778
	253 474	6 731 110	—	6 984 584
Financial liabilities				
Trade and other payables	—	—	1 500 487	1 500 487
Overdrafts	—	—	579 719	579 719
	—	—	2 080 206	2 080 206

28 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The classification of financial assets and liabilities is included below:

	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Total carrying value R'000
2016				
Financial assets				
Listed and unlisted investments	224 675	—	—	224 675
Trade and other receivables	—	418 466	—	418 466
Restricted cash	—	479 522	—	479 522
Cash resources	—	3 184 925	—	3 184 925
	224 675	4 082 913	—	4 307 588
Financial liabilities				
Trade and other payables	—	—	822 996	822 996
Overdrafts	—	—	995 774	995 774
	—	—	1 818 770	1 818 770

Determination of fair values

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

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments:
Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;
Level 2: valuation techniques using inputs, which are directly or indirectly observable; and
Level 3: valuations based on data that is not observable (not applicable to the group).

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

	2017 R'000	2016 R'000
Recurring fair value measurements		
Assets measured at fair value		
Available-for-sale listed investments	**229 376**	180 084
Available-for-sale unlisted investments	**24 098**	44 591
	253 474	224 675

Notes to consolidated financial statements continued

for the year ended 30 June 2017

29 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 the current 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.

30 COMMITMENTS

At year-end, the group had the following commitments:

	2017 R'000	2016 R'000
Capital		
Expenditure authorised and contracted for	—	1 771
Expenditure authorised but not contracted for	101 164	1 945
	101 164	3 716
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	1 230	1 359
After one year but not more than five years	1 737	457
The group's commitments will be met by future anticipated cash flows	2 967	1 816

31 CONTINGENT LIABILITIES

	2017 R'000	2016 R'000
Amount* guaranteed by holding company to joint venture entity, in addition to the R450 million in restricted cash payable for the acquisition of the Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 35.1)	—	55 313
Guarantees issued	307 362	210 762
– guarantees issued by holding company to bankers to secure short-term export facility#	180 000	180 000
– cash-covered guarantees issued by bankers to the Department of Mineral Resources for rehabilitation required on the group's mines (refer note 9)	71 261	26 760
– performance guarantees issued to third parties by subsidiary companies	26 101	4 002
– financial guarantee issued to third-party subsidiary company	30 000	—
	307 362	266 075

** In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014, decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent were met in order for the transaction to be completed. The transaction was completed on 29 July 2016 (refer note 35.1).*

 # 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.

32 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 Proprietary Limited (Assmang).

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

- iron ore (Iron Ore division);
- manganese ore and alloys (Manganese division); and
- charge chrome (Chrome division).

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

Dwarsrivier

With effect from 1 July 2016, Assore owns 100% of Dwarsrivier, which mines and beneficiates chrome ores. Dwarsrivier is managed on an independent basis by executive management.

Marketing and shipping

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

Other mining activities, eliminations and adjustments

This segment contains the chrome operations managed by Rustenburg Minerals, Zeerust, the pyrophyllite and ceramic operations of Wonderstone Limited and adjustments necessary to give effect to the impact of equity-accounting the results of Assmang and other consolidation adjustments. The operations referred to above have become immaterial, due to the chrome operations no longer being in commercial production and therefore these adjustments were previously disclosed separately.

R'000	Iron Ore division	Manganese division	Chrome division	Sub-total	Dwarsrivier	Marketing and shipping	Other mining activities, eliminations and adjustments	Total
Year to 30 June 2017								
Revenues								
Third party	16 398 968	10 238 065	207 764	26 844 797	3 410 363	3 573 061	(26 604 262)	7 223 959
Inter-segment	—	—	—	—	—	121 286	(121 286)	—
Total revenues	16 398 968	10 238 065	207 764	26 844 797	3 410 363	3 694 347	(26 725 548)	7 223 959
Contribution to profit/(loss) for the year*	4 372 631	2 181 569	(6 746)	6 547 454	843 199	1 071 298	(6 573 094)	1 888 857
Contribution to headline earnings#	4 373 877	2 321 686	749 337	7 444 900	843 199	653 423	(3 732 476)	5 209 046
Impairment of financial and non-financial assets	—	(138 976)	(746 007)	(884 983)	—	—	442 491	(442 492)
Statement of financial position								
Consolidated total assets	25 571 400	13 519 306	554 089	39 644 795	1 511 650	23 589 330	(39 201 542)	25 544 233
Consolidated total liabilities	5 930 711	2 754 092	414 120	9 098 923	824 167	1 823 961	(9 050 472)	2 696 579
Other information								
Finance income	531 544	12 120	—	543 664	29 897	312 508	(536 746)	349 323
Finance costs	54 997	40 004	—	95 001	5 838	9 176	(90 353)	19 662
Depreciation and amortisation	1 417 197	465 250	—	1 882 447	137 439	6 409	(1 871 807)	154 488
Taxation	1 864 503	911 241	(2 622)	2 773 122	297 014	273 031	(2 759 747)	583 420
Capital expenditure	1 168 975	1 648 006	—	2 816 981	140 581	2 361	(2 810 064)	149 859

** Profit after taxation, before joint venture entity and foreign listed associate.*
 # Includes equity-accounted results of Assmang and IronRidge.

Notes to consolidated financial statements continued

for the year ended 30 June 2017

32 SEGMENTAL INFORMATION (continued)

Other mining and beneficiation (continued)

R'000	Iron Ore division	Manganese division	Chrome division	Sub-total	Marketing and shipping	Other mining and benefi-ciation	Adjust-ments arising on con-solidation	Total
Year to 30 June 2016								
Revenues								
Third party	12 532 603	6 666 055	1 893 709	21 092 367	2 650 817	290 230	(21 092 367)	2 941 047
Inter-segment	—	—	—	—	5 542	—	(5 542)	—
Total revenues	12 532 603	6 666 055	1 893 709	21 092 367	2 656 359	290 230	(21 097 909)	2 941 047
Contribution to profit/(loss) for the year	2 440 236	103 748	42 962	2 586 946	367 384	(143 457)	(2 586 946)	223 927
Contribution to headline earnings*	2 429 137	394 758	42 965	2 866 860	377 106	(66 360)	(1 433 430)	1 744 176
Impairment of financial and non-financial assets	—	(405 418)	—	(405 418)	—	(117 412)	202 709	(320 121)
Statement of financial position								
Consolidated total assets	25 982 501	11 044 725	1 576 180	38 603 406	1 217 940	308 893	(19 301 703)	20 828 536
Consolidated total liabilities	5 853 111	2 153 428	222 742	8 229 281	1 859 704	57 223	(8 229 281)	1 916 927
Other information								
Finance income	406 383	9 868	667	416 918	204 257	6 189	(416 918)	210 446
Finance costs	25 173	34 084	3 219	62 476	32 324	6 252	(62 476)	38 576
Depreciation and amortisation	1 517 071	472 161	105 764	2 094 996	9 492	17 603	(2 094 996)	27 095
Taxation	917 170	30 823	23 273	971 266	170 467	5 909	(971 266)	176 376
Capital expenditure	901 037	1 927 538	146 103	2 974 678	25 133	698	(2 974 678)	25 831

** Includes equity-accounted results of Assmang and IronRidge.*

Geographical information

Geographical segment by location of customers

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

	2017			2016		
	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000
Customers by locations						
Far East	**20 155 728**	**3 070 845**	**23 226 573**	12 476 319	21 613	12 497 932
Europe	**1 583 640**	**40 191**	**1 623 831**	2 306 454	2 629	2 309 083
USA	**550 246**	**2 421 439**	**2 971 685**	1 716 791	1 745 749	3 462 540
South Africa	**3 946 475**	**1 486 862**	**5 433 337**	2 969 603	1 170 155	4 139 758
Other – foreign	**43 929**	**204 622**	**248 551**	1 623 200	901	1 624 101
Total	**26 280 018**	**7 223 959**	**33 503 977**	21 092 367	2 941 047	24 033 414

Notes:
1. There are no customers whose off-take represents more than 10% of revenue (one customer in 2016: R2 607 million).
2. The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11.

33 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:

Entity	Relationship
African Mining and Trust Company Limited (AMT)	Subsidiary company
African Rainbow Minerals (ARM)	Joint-venture partner
Assmang Limited (Assmang)	Joint-venture entity
Dakot Wear Ceramic Proprietary Limited (Dakot) 40%	Associate
Dwarsrivier Chrome Mine Proprietary Limited (DCM)	Subsidiary company
IronRidge Resources (IronRidge) 29,64% (2016: 29,90%)	Associate
Minerais U.S. LLC (shareholding: 51% (2016: 51%) (Minerais))	Subsidiary company
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company
Oresteel Investments Proprietary Limited (Oresteel)	Ultimate holding company
Rustenburg Minerals Development Company Proprietary Limited (shareholding: 56% (2016: 56%) (Rustenburg Minerals)	Subsidiary company
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company

33.1 Details of transactions with related parties

The following significant related-party transactions occurred during the year:

		2017 R'000	2016 R'000
AMT	Commissions received from Assmang	**427 189**	299 675
	Management fees received from Dwarsrivier	**6 915**	—
Minerais U.S. LLC	Commissions received from Assmang	**20 720**	17 675
Ore & Metal	Commissions received from Assmang	**467 717**	374 087
	Commissions received from Dwarsrivier	**114 371**	
Sumitomo	Commissions paid by Ore & Metal	**204 794**	172 108
Key management personnel – holding company	Directors' fees	**2 365**	2 341
– subsidiary companies	Remuneration (including executive directors)	**191 343**	129 600
	Post-employment benefits	**12 173**	9 941
Amounts payable to/receivable from related parties at end of the year			
ARM	Amounts receivable from Ore & Metal	**2 245**	3 670
AMT	Amounts receivable from Ore & Metal	**462 033**	319 761
Dwarsrivier	Amounts receivable from Ore & Metal	**11 443**	—
Minerais U.S. LLC	Amounts payable to Ore & Metal	**99 433**	27 073
Ore & Metal	Amounts payable to Assmang	**671 737**	537 749
Sumitomo	Amounts receivable from Ore & Metal	**13 159**	178 006

33 RELATED-PARTY TRANSACTIONS (continued)

33.2 Subsidiary with a material non-controlling interest

Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), the principal business of which is the mining and beneficiation of chrome ores in the vicinity of Rustenburg, is a subsidiary of AMT. The group holds a 56% (2016: 56%) interest in Rustenburg Minerals.

	2017 R'000	2016 R'000
Abridged income statement of Rustenburg Minerals		
Turnover	**108 349**	173 413
Total comprehensive income/(loss) (group interest therein 56% (2016: 56%))	**45 040**	(114 156)
Abridged statement of financial position of Rustenburg Minerals		
Current assets		
Inventories	**98**	18 739
Trade and other receivables	**3 133**	12 251
Cash resources	**538**	456
	3 769	31 446
Total liabilities		
Long-term provisions	**11 925**	14 436
Loans from group companies	**156 698**	178 590
Current liabilities		
Short-term provisions	**6 553**	7 280
Trade and other payables	**14 518**	62 107
	189 694	262 413
Net liabilities	**(185 925)**	(230 967)
Proportion of the group's ownership (%)	**56,0**	56,0
Accumulated non-controlling interest (at 44%)	**(81 807)**	(101 625)

33.3 Disposal of subsidiary

The group disposed of its 51% interest held in Icermax Proprietary Limited on 29 February 2016 (effective date), due to ongoing losses incurred on this investment.

The following assets and liabilities were disposed of as part of the above transaction:	2017 R'000	2016 R'000
Property, plant and equipment		744
Inventories		4 362
Trade and other receivables		112
Cash resources		47
Loans from group companies		(21 382)
Short-term provisions		(201)
Trade and other payables		(492)
Net liabilities disposed of		(16 810)
49% non-controlling shareholder's interest disposed of		8 232
Relief realised on disposal of subsidiary		(8 578)

34 RETIREMENT BENEFIT INFORMATION

Pensions

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

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

Defined contribution fund

The group and employees contribute 10% and 5% of pensionable salary to the umbrella fund respectively. Contributions to the fund amounted to R2,0 million (2016: R4,7 million) and the value amounted to R12,6 million (2016: R16,8 million) at year-end. Decrease in the value of the fund is due to the retrenchments which occurred at Rustenburg Minerals during the year.

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 2014 and revealed a 111,8% funding level. An interim check was performed for funding purposes as at 1 July 2017, which revealed a 122% funding level (2016: 114,1%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2017 R'000	2016 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	**484 098**	476 302
Current service cost	**33 881**	36 490
Interest cost	**43 735**	41 165
Actuarial gain – assumptions	**(55 126)**	(2 259)
Benefits paid	**(82 988)**	(67 600)
Benefit obligation at end of year	**423 600**	484 098
Change in plan assets		
Fair value of plan assets at beginning of year	**552 168**	533 776
Expected return on plan assets	**27 632**	47 721
Actuarial loss on plan assets – experience and assumptions	**(17 682)**	(890)
Employer contributions	**28 768**	30 475
Employee contributions	**8 846**	8 686
Benefits paid	**(82 988)**	(67 600)
Fair value of plan assets at end of year	**516 744**	552 168
Net surplus at year-end per statement of financial position	**93 144**	68 070
Components of periodic expense		
Current service cost	**33 881**	36 490
Interest cost	**43 735**	41 165
Expected return on plan assets	**(27 632)**	(47 721)
Net pension cost for the year	**49 984**	29 934
Plan assets invested as follows:	**%**	%
Equity securities	**60**	71
Debt securities	**33**	22
Property	**2**	1
Other (cash, cash awaiting investment, bank account)	**5**	6
	100	100

34 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

The maturity profile of the benefit obligation at the end of the year is as follows:

	2017 R'000	2016 R'000
Due within one year	22 371	68 429
Due within two years	22 227	20 286
Due within three years	23 871	19 263
Due within four years	15 534	20 027
Due within five years	13 812	11 385
Due between six and 10 years	141 663	126 230
Due thereafter	184 122	218 478
	423 600	484 098
Expected contribution next year	28 579	26 462
Actual return on assets for the year comprises:	35 312	46 831
– expected return on plan assets for the year	32 188	47 721
– actuarial gains on plan assets	3 124	(890)

Actuarial assumptions

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

	2017 %	2016 %
Expected return on plan assets	9,59	9,30
Post-retirement interest rate	4,22	3,60
Price inflation rate	6,87	7,40
Salary inflation rate	7,87	8,40
Pension increases	5,15	5,50

Other assumptions

Mortality rate for members still in service assumed at zero.

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

Merit salary increases per sliding scale depending on age starting at 5% per annum below age 25, and reducing to zero above age 50.

Spouse's benefits for active members – on average, husbands are assumed to be two years older than their wives, and married at date of retirement.

For current pensioners, their actual marital status and, where applicable, the exact age of their spouse has been taken into account.

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

2017	Interest		Post-retirement		Price inflation		Salary inflation		Pension increases	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(36 941)	50 611	(27 514)	54 822	86 274	(49 955)	43 990	(32 182)	57 637	(28 170)

2016	Interest		Post-retirement		Price inflation		Salary escalation		Pension increases	
Assumptions	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(42 217)	57 839	(31 444)	62 652	98 595	(57 089)	50 273	(36 778)	65 869	(32 193)

35 BUSINESS ACQUISITION

35.1 Acquisition of subsidiary

On 29 July 2016, the holding company acquired the entire issued share capital of Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier) from Assmang.

In accordance with IFRS 3 – Business Combinations, the fair value of the assets acquired and liabilities assumed in a business combination are required to be determined within one year of the acquisition of control of the entity. The previous business combination disclosure (which was reported as part of the "Events after reporting period" for the year ended 30 June 2016) contained provisional values as the initial accounting for the business combination had not been completed. The fair values previously disclosed were provisional as the "purchase price allocation" was not yet included at that point in time. On the basis of a valuation performed and independently reviewed effective 1 July 2016 the fair values of the identifiable assets and liabilities of Dwarsrivier at 1 July 2016, together with the fair value of the purchase consideration, were determined and the results for the financial year ended 30 June 2017 were adjusted to bring into account the finalisation of the initial accounting for the business combination and the valuation referred to above.

The following finalised values have been used in determining the bargain purchase gain:

	R'000
Property, plant and equipment	691 596
Mining right	712 502
Inventories	455 631
Trade and other receivables	231 491
Long-term provisions	(63 322)
Trade and other payables	(277 918)
Short-term provisions	(119 695)
Deferred tax liability raised in respect of the fair value of assets	(282 383)
Pre-acquisition liability	(55 313)
Fair value of identifiable assets acquired and liabilities assumed	1 292 589
Fair value of interest already held by the group	(560 709)
– purchase price for acquisition of 50% DCM "A" shares issued to ARM	(237 562)
– fair value of equity interest distributed by Assmang	(323 147)
Fair value of purchase consideration	(475 125)
Purchase price, agreed as at 1 July 2014 (cash consideration, refer note 8)	(450 000)
Interest foregone on purchase consideration placed in escrow on 1 July 2015 and paid to seller on 29 July 2016 in terms of acquisition agreement	(25 125)
Bargain purchase gain	256 755

The above bargain purchase gain results largely from the purchase price being agreed upon as at 1 July 2014 and the transaction being concluded on 29 July 2016, when all of the conditions precedent were met.

The following results of Dwarsrivier have been included in the consolidated income statement, for the year to 30 June 2017:

	R'000
Revenue	3 380 466
Profit attributable to shareholders	843 199

35.2 Acquisition of associate

With effect from 1 April 2017, Wonderstone Limited, a wholly owned subsidiary, acquired a 40% shareholding in Dakot Wear Ceramics Proprietary Limited (DWC). DWC produces milling media, technical ceramics and other associated products and is located in Gingindlovu, KwaZulu-Natal.

In accordance with IFRS, the results of DWC are accounted by the group using the equity method.

	R'000
Aggregate carrying amount of interest in DWC	690
Loss from continuing operations, after taxation	(690)

Company statement of financial position

as at 30 June 2017

	Note	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**1 506 425**	470 592
Available-for-sale investments	2	**229 501**	180 209
Investment in foreign listed associate	3	**121 953**	121 953
Loans to group companies	1	**4 518 291**	4 629 538
Deferred taxation	4	**20 249**	31 290
		6 396 419	5 433 582
Current assets			
Other receivables	5	**631 872**	498 597
Restricted cash	6	**—**	479 522
Cash resources	7	**1 782 683**	702 214
		2 414 555	1 680 333
Total assets		**8 810 974**	7 113 915
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	8	**698**	698
Share premium	9	**264 092**	264 092
Retained earnings		**7 361 035**	5 710 098
Other reserves	10	**64 553**	26 302
Total equity		**7 690 378**	6 001 190
Non-current liabilities			
Loans from group companies	1	**1 082 027**	1 079 305
Current liabilities			
Other payables		**35 343**	31 931
Taxation		**3 226**	1 489
		38 569	33 420
Total equity and liabilities		**8 810 974**	7 113 915

Company income statement

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Revenue	11	**2 662 190**	1 240 941
Income from investments		**3 222 898**	1 240 941
– dividends received from joint-venture entity		**2 810 709**	875 000
– preference dividends received from empowerment entities		**311 214**	295 079
– dividends received from available-for-sale listed investments		**3 140**	5 972
– dividends received from unlisted instruments		**21**	20
– interest received		**97 814**	64 870
Administrative expenses		**(7 020)**	(5 282)
Impairment of non-financial and financial assets		**(927)**	(30 344)
Finance costs		**—**	(22 750)
Profit before taxation	12	**3 214 951**	1 182 565
Taxation	13	**28 337**	8 113
Profit for the year		**3 186 614**	1 174 452

Company statement of comprehensive income

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Profit for the year (as above)		**3 186 614**	1 174 452
Items that may be reclassified into the income statement dependent on the outcome of a future event		**38 251**	(18 270)
Gain/(loss) on revaluation to original cost of available-for-sale listed investments, before taxation	2	**49 292**	(23 544)
Deferred capital gains taxation thereon	4	**(11 041)**	5 274
Total comprehensive income for the year, net of taxation		**3 224 865**	1 156 182

Company statement of cash flow

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Cash generated from operating activities		**963 519**	297 572
Net cash generated from operating activities		**2 427 493**	970 910
Cash utilised in operations	15.1	**(567 728)**	(5 282)
Dividends received	15.1	**3 125 085**	1 176 071
Movements in working capital	15.2	**(129 864)**	(199 879)
Interest income		**97 814**	64 870
Finance costs		**—**	(22 750)
Taxation paid	15.3	**(26 600)**	(17 595)
Dividends paid	15.4	**(1 535 188)**	(697 863)
Cash generated/(utilised) by financing activities		**116 950**	(293 483)
Preference shares redeemed		**—**	(346 100)
Repayment of loan accounts by subsidiary companies		**116 950**	52 617
Cash resources			
– increase for the year		**1 080 469**	4 089
– at beginning of year		**702 214**	698 125
– at end of year	7	**1 782 683**	702 214

Company statement of changes in equity

for the year ended 30 June 2017

	Note	2017 R'000	2016 R'000
Share capital			
Balance at beginning and end of year	8	698	698
Share premium			
Balance at beginning and end of year	9	264 092	264 092
Other reserves			
Balance at beginning of year		26 302	44 572
Other comprehensive income/(loss) for the year		38 251	(18 270)
Balance at end of year	10	64 553	26 302
Retained earnings			
Balance at beginning of year		5 710 098	5 233 681
Profit for the year		3 186 614	1 174 452
Ordinary dividends declared during the year			
Final dividend No 119 of 500 cents (2016: 300 cents) per share – declared on 6 September 2016	14	(698 035)	(418 821)
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	14	(837 642)	(279 214)
Balance at end of year		7 361 035	5 710 098
Total equity		7 690 378	6 001 190

Notes to company financial statements

for the year ended 30 June 2017

		2017 R'000	2016 R'000
1	**INVESTMENT IN GROUP COMPANIES**		
	Joint-venture entity (refer below)	**468 153**	468 153
	Subsidiary companies (refer below)	**1 038 272**	2 439
		1 506 425	470 592
	Investment in joint-venture entity		
	Assmang Proprietary Limited (Assmang)		
	1 774 103 (2016: 1 774 103) ordinary shares at cost	**468 153**	468 153
	Investment in subsidiary companies (refer note 16)		
	Shares at cost	**1 038 272**	2 439
	Amounts due by/(to) subsidiary companies (refer note 16)		
	Loan accounts receivable	**4 518 291**	4 629 538
	Loan accounts payable	**(1 082 027)**	(1 079 305)
	Per note 16	**3 436 264**	3 550 233
	Loan accounts receivable include cumulative redeemable preference shares in the amount of R3 868 million (2016: R4 034 million), issued to structured entities (SEs), recognised as subsidiary companies, with a coupon of 75% (2016: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited, and with 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. Loan accounts payable are not due within 12 months.		
	Accrued preference dividends from SEs (included as part of other receivables)	**613 577**	491 913
2	**AVAILABLE-FOR-SALE INVESTMENTS**		
	Listed and unlisted investments at cost	**319 767**	319 767
	Cumulative impairment charges included in profit or loss (retained earnings)	**(170 929)**	(170 929)
	Opening balance	**(170 929)**	(140 585)
	Impairment of carrying value below cost disclosed in the income statement	**—**	(30 344)
	Cumulative fair value adjustment included in other comprehensive income	**80 663**	31 371
	Opening balance	**31 246**	54 790
	Unlisted investments at cost	**125**	125
	Fair value adjustment at year-end disclosed in other reserves	**49 292**	(23 544)
		229 501	180 209
3	**INVESTMENT IN FOREIGN LISTED ASSOCIATE**		
	70 833 333 (2016: 70 833 333) shares in IronRidge Resources Limited (IronRidge) – at cost	**121 953**	121 953
	The investment represents a 29,64% (2016: 29,90%) interest in the ordinary share capital of IronRidge, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange.		
	IronRidge is registered in Australia and is an emerging exploration company, with exploration projects for iron ore in Gabon, lithium in Ghana, gold in Chad and bauxite in Australia.		

		2017 R'000	2016 R'000
4	**DEFERRED TAXATION**		
	Balance at beginning of year	**31 290**	16 000
	Arising on reversal of temporary differences in the income statement		
	– impairment of financial assets to below original cost	**—**	13 235
	Arising from temporary differences included in other comprehensive income		
	– revaluation of available-for-sale listed investments to market value at year-end	**(11 041)**	5 274
	– change in capital gains taxation rate	**—**	(3 219)
	Balance at end of year	**20 249**	31 290
5	**OTHER RECEIVABLES**		
	Preference dividends receivable from empowerment entities	**613 577**	491 913
	Interest on fixed and variable rate deposits received after year-end	**17 832**	6 393
	Prepayments	**464**	291
		631 873	498 597
6	**RESTRICTED CASH**		
	On 25 June 2015, the company acquired ARM's 50% share of Dwarsrivier Chrome Mine (Dwarsrivier), held by Assmang. The completion of the transaction was subject to certain conditions precedent (CPs), which at year-end had not all been fulfilled. Pursuant to the agreement concerned, an amount of R450 million was placed in an escrow account.		
	The transaction was completed on 29 July 2016 (refer note 20)		
	Cash including interest received held in escrow at year-end	**—**	479 522
7	**CASH RESOURCES**		
	Cash on fixed rate deposit	**1 525 952**	—
	Variable rate deposits and current accounts	**256 731**	702 214
		1 782 683	702 214
8	**SHARE CAPITAL**		
	Authorised		
	200 000 000 (2016: 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 (2016: 139 607 000) ordinary shares of 0,5 cents each)	**698**	698
9	**SHARE PREMIUM**		
	Balance at beginning and end of year	**264 092**	264 092
10	**OTHER RESERVES**		
	Surplus arising on the revaluation of available-for-sale listed investments to market value at year-end		
	Gross fair value adjustment at year-end	**80 538**	31 246
	Less: Deferred capital gains taxation thereon	**(15 985)**	(4 944)
		64 553	26 302

		2017 R'000	2016 R'000
11	**REVENUE**		
	Revenue comprises:		
	Dividends received	**2 564 376**	1 176 071
	Interest received	**97 814**	64 870
		2 662 190	1 240 941
12	**PROFIT BEFORE TAXATION**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Dividends received	**3 125 085**	1 176 071
	Ordinary dividends		
	– joint-venture entity	**2 810 709**	875 000
	– available-for-sale investments		
	– listed	**3 140**	5 972
	– unlisted	**21**	20
	Preference dividends received from empowerment entities	**311 214**	295 079
	– Main Street 350 Proprietary Limited (RF)	**46 763**	54 791
	– Main Street 904 Proprietary Limited (RF)	**264 451**	240 288
	Interest received	**97 814**	64 870
	Expenditure		
	Directors' remuneration	**193 438**	59 542
	– directors' fees	**2 008**	2 341
	– other services paid by subsidiary companies	**191 430**	57 201

	2017 R'000	2016 R'000
13 TAXATION		
South African normal taxation		
– current year	**27 472**	18 129
Deferred taxation		
– reversal of temporary differences in current year (refer note 4)	**—**	(13 235)
– change in capital gains taxation rate	**—**	3 219
Securities transfer taxation on redemption of preference shares	**865**	—
	28 337	8 113
Reconciliation of the taxation charge as a percentage of profit before taxation	**%**	%
Statutory tax rate	**28,00**	28,00
Adjusted for:		
Dividend income	**(27,22)**	(27,85)
Disallowable expenditure	**0,10**	0,53
Change in capital gains taxation rate	**—**	0,01
Effective tax rate	**0,88**	0,69
14 DIVIDENDS		
Dividends declared during the year		
Final dividend No 119 of 500 cents (2016: 300 cents) per share – declared on 6 September 2016	**698 035**	418 821
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	**837 642**	279 214
	1 535 677	698 035
Per share (cents)	**1 100**	500
Dividends relating to the activities of the group for the year under review		
Interim dividend No 120 of 600 cents (2016: 200 cents) per share – declared on 21 February 2017	**837 642**	279 214
Final dividend No 121 of 800 cents (2016: 500 cents) per share – declared on 29 August 2017	**1 116 856**	698 035
	1 954 498	977 249
Per share (cents)	**1 400**	700

	2017 R'000	2016 R'000
15 NOTES TO THE STATEMENT OF CASH FLOW		
15.1 Cash utilised in operations		
Profit before taxation	3 214 951	1 182 565
Adjusted for:	(3 782 679)	(1 187 847)
– dividends received	(3 125 085)	(1 176 071)
– interest received	(97 814)	(64 870)
– impairment of available-for-sale listed investments	927	30 344
– other income	(560 707)	—
– finance costs	—	22 750
	(567 728)	(5 282)
15.2 Movements in working capital		
Movement in other receivables	(133 276)	(186 193)
Movement in other payables (excluding escrow investment interest accrual)	3 412	(13 686)
	(129 864)	(199 879)
15.3 Taxation paid		
Unpaid at beginning of year	(1 489)	(955)
Charged to the income statement	(28 337)	(8 113)
Movement in deferred taxation	—	(10 016)
Unpaid at end of year	3 226	1 489
	(26 600)	(17 595)
15.4 Dividends paid		
Unpaid at beginning of year	(2 623)	(2 451)
Declared during the year (refer note 14)	(1 535 677)	(698 035)
Unpaid at end of year	3 112	2 623
	(1 535 188)	(697 863)

	Issued share capital 2017/2016 R	Direct interest in share capital 2017/2016 %	Shares at cost# 2017 R'000	Shares at cost# 2016 R'000	Amounts due from/(to) subsidiary companies 2017 R'000	Amounts due from/(to) subsidiary companies 2016 R'000
16 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES						
Incorporated in South Africa						
Ordinary shares held directly						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	(486)	(1 264)
Ceramox Proprietary Limited(D)	100	100	1 124	1 124	—	—
Dwarsrivier Chrome Mine Proprietary Limited (refer note 35.1 in the consolidated annual financial statements)	2 000 000	100	1 035 833	—	55 313	—
Erf 1263 Parkview Extension 1 Proprietary Limited (refer note 35.1 in the consolidated annual financial statements)	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	—	—	—	—
Icermax Proprietary Limited*	—	51	—	—		
Ore & Metal Company Limited	100 000	100	105	105	(1 078 041)	(1 078 041)
Wonderstone Limited	10 000	100	10	10	—	—
Xertech Proprietary Limited	100	100	—	—	—	—
			1 038 272	2 439	(1 023 214)	(1 079 305)
Ordinary shares held indirectly						
Groupline Projects Proprietary Limited(D)	100	100	11 913	11 913	—	—
Minerais Holdings Proprietary Limited	100	100	10 887	10 887	42	42
Minerais U.S. LLC	17 756 100	51	11 418	11 418	—	—
Rustenburg Minerals Development Company Proprietary Limited	232 143	56	232 143	232 143	—	—
Wonderstone 1937 Limited(D)	45 940	100	35	35	—	—
			266 396	266 396	42	42
Companies holding group treasury shares for empowerment entities						
Main Street 350 Proprietary Limited (RF)	99	49	—	—	1 613 290	1 779 850
Main Street 460 Proprietary Limited (RF)	—	—	—	—	41	41
Main Street 904 Proprietary Limited (RF)	28 500	—	—	—	2 849 605	2 849 605
Companies provided against						
Zeerust Chrome Mines Limited	1 300 000	100	1 114	1 114	(3 500)	—
Incorporated in Namibia						
Krantzberg Mines Limited	500 000	100	—	—	—	—
Sub-total			1 114	1 114	4 459 436	4 629 496
			1 305 782	269 949	3 436 264	3 550 233
Less – held indirectly			(266 396)	(266 396)		
– provided against			(1 114)	(1 114)		
Per note 1			1 038 272	2 439	3 436 264	3 550 233

Represents investments of less than R1 000.
(D) *Dormant companies.*
* *Interest disposed of in the current year (refer note 33.3 to the consolidated financial statements).*

Notes to company financial statements continued

for the year ended 30 June 2017

17 FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk

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

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

The roles and responsibilities of the 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.

17.1 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 recognised in the statement of financial position:

	2017 R'000	2016 R'000
Loans to group companies (refer note 1)	**4 518 291**	4 629 538
Other receivables – local	**631 873**	498 597
Restricted cash (refer note 6)	**—**	479 522
Cash resources (refer note 7)	**1 782 683**	702 214

17 FINANCIAL RISK MANAGEMENT (continued)

17.2 Liquidity risk

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

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

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

	Contractual maturity date					
	Carrying amount R'000	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2017						
Financial assets						
Investment in group companies#	1 506 425	1 506 425	—	—	—	1 506 425
Available-for-sale investments#	229 501	229 501	—	—	—	229 501
Investment in foreign listed associate#	121 953	121 953	—	—	—	121 953
Loans to group companies#*	4 518 291	4 518 291*	81 140	—	—	4 437 151
Other receivables	631 873	631 873	631 873	—	—	—
Cash resources	1 782 683	1 782 683	1 782 683	—	—	—
	8 790 726	8 790 726	2 495 696	—	—	6 295 030
Financial liabilities						
Loans from group companies	1 082 027	1 082 027	—	1 082 027	—	—
Other payables	35 343	35 343	35 343	—	—	—
Guarantees	1 273 818	1 273 818	1 273 818	—	—	—
	2 391 188	2 391 188	1 309 161	1 082 027	—	—
2016						
Financial assets						
Investment in group companies	470 592	470 592	—	—	—	470 592
Available-for-sale investments	180 209	180 209	—	—	—	180 209
Investment in foreign listed associate	121 953	121 953	—	—	—	121 953
Loans to group companies	4 629 538	4 629 538*	79 503	—	—	4 550 035
Other receivables	498 597	498 597	498 597	—	—	—
Restricted cash	479 522	479 522	479 522	—	—	—
Cash resources	702 214	702 214	702 214	—	—	—
	7 082 625	7 082 625	1 759 836	—	—	5 322 789
Financial liabilities						
Loans from group companies	1 079 305	1 079 305	—	1 079 305	—	—
Other payables	31 931	31 931	31 931	—	—	—
Guarantees	1 486 230	1 486 230	1 486 230	—	—	—
	2 597 466	2 597 466	1 518 161	1 079 305	—	—

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

* *Contracted cash flows for loans to group companies are determined by the ability of the company to declare dividends and therefore no projection is made of the cash flows, except for those based on dividends already declared.*

17 FINANCIAL RISK MANAGEMENT (continued)

17.3 Market risk

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

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

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased. 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:

	2017 R'000	2016 R'000
Variable rate instruments		
Assets		
Loan accounts receivable (refer note 1)	**4 518 291**	4 629 538
Cash resources (refer note 7)	**256 731**	702 214

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 taxation by R9,2 million (2016: R25,7 million). This assumes that all other variables remain constant. There is no impact on the company's equity. Net effect on profit or loss after taxation is equal but opposite for a 50 basis point decrease on the financial instruments listed above.

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.

Equity price risk

The company's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The company 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 R229,0 million (2016: R180,0 million). A decrease of 1% in the market value of the investments would have an impact of approximately R2,3 million (2016: R1,8 million) on profit or loss, or other comprehensive income depending on whether or not the valuation of the security concerned is stated at below original cost. An increase of 1% in the value of the listed investments would only impact other comprehensive income, and would not have an effect on profit or loss.

17 FINANCIAL RISK MANAGEMENT (continued)

17.4 Classification of financial assets and liabilities

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

	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000
2017					
Financial assets					
Investment in group companies	**—**	**—**		**1 506 425**	**1 506 425**
Available-for-sale investments	**229 501**	**—**		**—**	**229 501**
Loans to group companies	**—**	**4 518 291**		**—**	**4 518 291**
Other receivables	**—**	**631 873**		**—**	**631 873**
Cash resources	**—**	**1 782 683**		**—**	**1 782 683**
	229 501	**6 932 847**		**1 506 425**	**8 668 773**
Financial liabilities					
Loans from group companies		**—**	**1 082 027**		**1 082 027**
Other payables		**—**	**35 343**		**35 343**
		—	**1 117 370**		**1 117 370**
2016					
Financial assets					
Investment in group companies	—	—		470 592	470 592
Available-for-sale investments	180 209	—		—	180 209
Loans to group companies	—	4 629 538		—	4 629 538
Other receivables	—	498 597		—	498 597
Restricted cash	—	479 522		—	479 522
Cash resources	—	702 214		—	702 214
	180 209	6 309 871		470 592	6 960 672
Financial liabilities					
Loans from group companies			1 079 305	—	1 079 305
Other payables			31 931	—	31 931
			1 111 236	—	1 111 236

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair values

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

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted prices in an active market that are unadjusted for identical assets or liabilities;
Level 2: valuation techniques using inputs, which are directly or indirectly observable; and
Level 3: valuations based on data that is not observable (not applicable to the group).

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

The following assets and liabilities were measured at level 1:

	2017 R'000	2016 R'000
Recurring fair value measurements, measured at level 1		
Assets measured at fair value, measure at level 1		
Available-for-sale investments	**229 501**	180 209
Assets and liabilities measured at amortised cost, measured at level 2		
Fair value of loans due to group companies	**1 114 367**	975 682
Fair value of loans due from group companies	**762 521**	628 309

19 CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lives which vary in accordance with current prices (refer "Mineral Resources and Reserves" of the 2017 integrated annual report). 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.

		2017 R'000	2016 R'000
20	**CONTINGENT LIABILITIES**		
	Contingent liabilities		
	Guarantee of US dollar 97,5 million (2016: US dollar 100 million) issued to bankers as security for facilities provided to a foreign subsidiary company	**1 273 818**	1 486 230
	Maximum amount in addition to the R450 million in restricted cash payable for the acquisition of the Dwarsrivier Chrome Mine (Dwarsrivier) (refer note 6)	**—**	55 313
	In terms of the agreement with ARM to acquire its 50% of Dwarsrivier, Assore agreed to refund Assmang for Dwarsrivier's capital expenditure and working capital requirements, effective from 1 July 2014, decreased by the profits after taxation (increased for losses after taxation) recorded by Dwarsrivier until the necessary conditions precedent were met in order for the transaction to be completed. The transaction was completed on 29 July 2016.		
	The company holds a back-to-back guarantee of R180 million (2016: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		
21	**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:		
	Dividends received from joint-venture entity	**2 810 709**	875 000
	Preference dividends received from entities deemed to be subsidiary companies	**311 214**	295 079
	Management fees paid to subsidiary company	**185**	148

Accounting policies

for the year ended 30 June 2017

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 Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

1.2 Changes in accounting policies

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

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IAS 1	*Disclosure Initiative (amendments)*	January 2016	The amendments clarify: – the materiality requirements in IAS 1; – the specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; – that entities have flexibility as to the order in which they present the notes to the financial statements; and – that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional sub-totals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. The amendment has not had a material impact on the results or disclosures of the group.
IAS 27	*Equity Method In Separate Financial Statements (amendments)*	January 2016	The amendments allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either: – at cost; – in accordance with IFRS 9 (or IAS 39); or – using the equity method. The entity must apply the same accounting for each category of investments. A consequential amendment was also made to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the Investment. The amendment has not had a material impact on the results or disclosures of the group.

1.3 IFRS and IFRIC interpretation 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	Impact on the financial statements
IAS 7	*Disclosure Initiative – amendments to IAS 7*	January 2017	The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes arising from cash flows and non-cash changes. The group is in the process of determining the impact of the standard on its results. The interpretation will be adopted in the financial year commencing 1 July 2017.
IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses – amendments to IAS 12*	January 2017	The amendments clarify that an entity needs to consider whether tax laws restrict the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The group is in the process of determining the impact of the standard on its results. The interpretation will be adopted in the financial year commencing 1 July 2017.
IFRS 2	*Classification and Measurements of Share-Based Payment Transactions – amendments to IFRS 2*	January 2018	The IASB issued amendments to IFRS 2 *Share-Based Payment* in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas. The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment (net share settlement feature). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature. The group is in the process of determining the impact of the amendments on its results. The interpretation will be adopted in the financial year commencing 1 July 2018.

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 9	*Financial Instruments (amendments)*	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 All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value though other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss). Financial liabilities For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. 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 OCI (such as loans, debt securities and trade receivables), lease receivables and most loan commitments and financial guarantee contracts.

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 9 *(continued)*	*Financial Instruments (amendments) (continued)*	January 2018 *(continued)*	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. The group is in the process of determining the impact of the standard on its results. The interpretation will be adopted in the financial year commencing 1 July 2018.
IFRS 15	*Revenue from Contracts with Customers*	January 2018	The core principle of this standard is that an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 will be applied using a five-step model: 1. identify the contact(s) with a customer 2. identify the performance obligations in the contract 3. determine the transaction price 4. allocate the transaction price to the performance obligations in the contract 5. recognise revenue when (or as) the entity satisfies a performance obligation The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The group is in the process of determining the impact of the standard on its results. The interpretation will be adopted in the financial year commencing 1 July 2018.
IFRS 16	*Leases*	January 2019	IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees: 1. leases of "low-value" assets (eg personal computers); and 2. short-term leases (ie leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (ie the lease liability) and an asset representing the right to use the underlying asset during the lease term (ie the right-of-use asset).

Standard	Description	Effective for financial periods commencing	Impact on the financial statements
IFRS 16 *(continued)*	*Leases (continued)*	January 2019 *(continued)*	Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (eg a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The group is in the process of determining the impact of the standard on its results. The interpretation will be adopted in the financial year commencing 1 July 2019.
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	January 2018	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The group is in the process of determining the impact of the interpretation on its results. The interpretation will be adopted in the financial year commencing 1 July 2018.
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*	January 2019	The interpretation addresses the accounting for Income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The group is In the process of determining the impact of the interpretation on its results. The interpretation will be adopted in the financial year commencing 1 July 2019.

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

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 of which are considered to be structured entities (SEs) as defined in IFRS 12. 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 13).

Impairment of available-for-sale investments

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

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

2.2 Estimation uncertainty

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

Project risk and exploration expenditure

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

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

Production stripping costs

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

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

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

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

2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 15 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 2 in the notes to the consolidated financial statements.

Depreciation based on units of production

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

Impairment of non-financial assets

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

Acquisition of Dwarsrivier

The enterprise value of mine operations is determined using the discounted cash flow valuation method. This method calculates the present value of the estimated future cash flows arising from continued operation of the mine, which includes estimates of *inter alia*, forecast production and sales, commodity prices, foreign exchange rates, operating cost, capital expenditure and the life of mine. Cash flows are discounted at an appropriate discount rate to determine the net present value. The fair value, as at the date of the sale, of the property, plant and equipment and inventory is determined taking into account numerous assumptions. The valuation of the property, plant and equipment includes estimates of the original useful life and remaining useful life. Inventory is valued with estimates including plant yield, product split and product prices.

3 BASIS OF CONSOLIDATION

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

3.1 Subsidiary companies

Investments in subsidiary companies are accounted for in the company at cost less impairments. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

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

3.2 Joint ventures

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

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

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

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

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

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

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

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

3.3 Associates

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

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

The income statement and statement of other comprehensive income (OCI) reflect the group's share of the results of operations of associates. 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 associates, 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 associates are eliminated to the extent of the interest in the associates.

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

The financial statements of associates 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 associates is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss in the "Share of profit of an associate" in the income statement.

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

On loss of significant influence over an associate, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence 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 separately. Expenditure incurred to replace or modify a significant component of plant is capitalised and the remaining book value of the original component is derecognised 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 prefeasibility study that the future economic benefits are highly probable.

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

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

Refer item 12.1 for the decommissioning assets accounting policy.

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

4.4 Depreciation

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

Mineral and prospecting rights

Mineral Reserves, which are being depleted, are amortised over their estimated useful lives using the units-of-production method based on Proven and Probable Ore Reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights which are not being depleted are not amortised. Mineral rights which have no commercial value are written off in full.

Land and buildings

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

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 INTANGIBLE ASSETS

5.1 Goodwill

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

5.2 Intangible assets other than goodwill

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

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

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

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

6 BUSINESS COMBINATIONS

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

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

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

7 IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at each reporting date whether there is an indication that the carrying value of an asset or a CGU may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset/CGU.

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 assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset/CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such reversal is recognised in profit or loss, and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

8 CAPITALISATION OF BORROWING COSTS

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

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

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

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

9 FINANCIAL INSTRUMENTS

9.1 Recognition and measurement

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

Available-for-sale investments

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

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

Preference shares, trade and other payables

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

Interest-bearing loans and borrowings

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

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

9 FINANCIAL INSTRUMENTS (continued)

9.2 Derivative financial instruments and hedging

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

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

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

9.3 Derecognition of financial assets and liabilities

Financial assets

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

9.4 Offsetting of financial instruments

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

9.5 Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred in respect of a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (ie excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (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 what the amortised cost would have been had the impairment not been recognised at the reversal date.

Available-for-sale investments

Decreases, which in the opinion of management are significant and prolonged, in the fair value of available-for-sale investments, which are below their original cost are recorded in the income statement. Management's opinion of decreases that are significant and prolonged is dependent on the relative materiality of these fluctuations in relation to the market values of these investments. Impairments recorded against available-for-sale equity instruments in the income statement are not reversed, but rather subsequent increases in fair value are recorded in other comprehensive income.

10 INVENTORIES

Inventories are valued at the lower of cost and 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.

11 FOREIGN CURRENCY TRANSLATION

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

11.1 Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the spot rate at the date the transactions first qualify for recognition. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the functional currency spot rates of exchange at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using functional currency spot rates on the date when the fair value was determined.

Foreign exchange gains or losses arising from foreign exchange transactions, whether realised or unrealised, are included in the determination of profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the year. However, where fair value adjustments of non-monetary items are recognised in other comprehensive income, exchange differences arising on the translation of these non-monetary items are also recognised in other comprehensive income.

11.2 Foreign entities

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

12 ENVIRONMENTAL REHABILITATION EXPENDITURE

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

12.1 Decommissioning costs

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

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

12.2 Restoration costs

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

12.3 Ongoing rehabilitation costs

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

Any subsequent changes to assumptions in estimating an obligation are added or deducted from the asset to which it relates. Reductions over and above the remaining carrying value of the asset are recognised in the income statement.

13 TREASURY SHARES

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

14 TAXATION

14.1 Current taxation

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

14.2 Deferred taxation

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

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

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

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.

14.3 Value added taxation (VAT)

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

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

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

14.4 Mining royalty taxation

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

14.5 Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends distributed to shareholders. Dividends paid to companies, certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

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

15 PROVISIONS

Provisions are recognised when:

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

A present obligation is considered to exist when it is probable that an outflow of economic benefits will occur. The amount recognised as a provision is the best estimate at the statement of financial position date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

16 REVENUE

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

Sale of mining and beneficiated products

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

Technical fees and commissions on sales

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

Interest received

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

Dividends received

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

Rental income

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

17 SHARE-BASED PAYMENT TRANSACTIONS

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

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

18 POST-EMPLOYMENT BENEFITS

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. The cost of providing benefits under defined benefit plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past-service costs are recognised in the income statement on the earlier of:
- the date of the plan amendment or curtailment; or
- the date that the group recognises restructuring-related costs.

The net interest cost is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation in the income statements:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- 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 limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

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

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

19 CONTINGENT LIABILITIES

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

20 DEFINITIONS

Earnings and headline earnings per share

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

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with Circular 2/2015 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.

Corporate information

EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)#
CE Walters (Chief executive officer)
PE Sacco (Group marketing director)
BH van Aswegen (Group operations and growth director)º

NON-EXECUTIVE DIRECTORS

EM Southey (Deputy chairman and lead independent director)†#*
DN Aitken†
TN Mgodusoº†
S Mhlarhi†*
WF Urmson†#º*

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

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