



**Assore Limited**  
 Company Registration Number: 1950/037394/06  
 Share code: ASR ISIN: ZAE000146932  
 ("Assore" or "Group" or "Company")

- Interim profit up 52,4% to R2,1 billion
- High US Dollar iron ore prices
- All BEE ownership now broad-based

## RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### COMMENTARY

#### RESULTS

Headline earnings for the six months to 31 December 2011 have increased by 48,5%, to R2 067 million, compared to the same period in the previous financial year. This is due mainly to increased earnings for the period of Assmang Limited ("Assmang"), together with increased commissions earned on improved sales volumes of Group commodities.

Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards ("IFRS"). Assmang's headline earnings increased by 57,2% to R3 949 million compared to the same period in the previous financial year. Higher average US Dollar selling prices for iron ore and increased sales volumes for Assmang's commodities compared to the six-month period ending 31 December 2010, combined with a weaker average Rand/US Dollar exchange rate for the period, contributed positively to the increased level of earnings.

Market conditions for most of the Group's commodities have deteriorated, mostly due to the sovereign debt issues in Europe. With the exception of iron ore, demand has declined, with resultant price erosion in the current period under review, compared to the same period in the previous financial year. Prices for iron ore were higher, although pricing in the current period was more volatile. The weaker Rand/US Dollar exchange rate compensated for some of the impact of the price erosion, while additional export volumes of iron ore resulted in an increased level of contribution to the Group's earnings. Turnover for the period under review improved in comparison to the same period in the previous financial year with an increase of 40,2% amounting to R6,4 billion from R4,6 billion in 2010.

On 8 December 2011, shareholders were advised of the Company's intention to enter into the second phase of its third empowerment transaction, which was approved by shareholders in a meeting convened for this purpose on 19 January 2012. As a result, all of Assore's black-controlled shares, amounting to 26,07% of the Company's ordinary shares, are now controlled by broad-based BEE groupings, increasing the Group's weighted number of treasury shares to 31,97 million. The bridging loan pursuant to the first phase of the transaction will be settled by the issue of preference shares to the Standard Bank of South Africa Limited ("SBSA"). Refer "Event after the reporting period" below.

### CONSOLIDATED INCOME STATEMENT

	Half-year ended		Year ended
	31 December 2011	31 December 2010	30 June 2011
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Revenue</b>	<b>6 843 807</b>	4 768 682	11 180 037
Turnover	6 386 024	4 553 507	10 547 806
Cost of sales	(3 337 372)	(2 420 111)	(6 044 740)
Gross profit	3 048 652	2 133 396	4 503 066
Other income	626 209	221 785	848 731
Other expenses	(476 455)	(205 493)	(457 797)
Finance costs	(126 199)	(40 137)	(77 790)
Profit before taxation and State's share of profits	3 072 207	2 109 551	4 816 210
Taxation and State's share of profits	(934 057)	(706 284)	(1 566 524)
<b>Profit for the period</b>	<b>2 138 150</b>	1 403 267	3 249 686
Earnings attributable to:			
Shareholders of the holding company	2 129 171	1 392 501	3 219 754
Non-controlling shareholders	8 979	10 766	29 932
As above	2 138 150	1 403 267	3 249 686
Earnings as above	2 129 171	1 392 501	3 219 754
Adjusted for:			
Profit on disposal (net of tax):			
– on available-for-sale investments	(61 057)	—	—
– of property, plant and equipment	(646)	(537)	(407)
<b>Headline earnings</b>	<b>2 067 468</b>	1 391 964	3 219 347
Earnings per share (basic and diluted – cents)	1 978	1 164	2 691
Headline earnings per share (basic and diluted – cents)	1 921	1 163	2 690
Dividends per share declared in respect of the profit for the period (cents)		200	450
– Interim		200	200
– Final			250
Weighted average number of ordinary shares (million)			
Ordinary shares in issue	139,61	139,61	139,61
Weighted impact of treasury shares	(31,97)	(19,94)	(19,94)
Average for the period	107,64	119,67	119,67

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended		Year ended
	31 December 2011	31 December 2010	30 June 2011
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Profit for the year (as above)</b>	<b>2 138 150</b>	1 403 267	3 249 686
<b>Other comprehensive (loss)/income for the year net of tax</b>	<b>(55 414)</b>	155 293	204 882
Net (loss)/gain on revaluation of available-for-sale investments to market value	(88 372)	185 132	242 336
Deferred capital gains taxation thereon	26 793	(25 918)	(33 927)
Exchange gain/(loss) on translation of foreign operations	(61 579)	159 214	208 409
	6 165	(3 921)	(3 527)
<b>Total comprehensive income for the year net of tax</b>	<b>2 082 736</b>	1 558 560	3 454 568
Attributable to:			
Shareholders of the holding company	2 073 757	1 547 794	3 424 636
Non-controlling shareholders	8 979	10 766	29 932
As above	2 082 736	1 558 560	3 454 568

### CONSOLIDATED STATEMENT OF CASH FLOW

	Half-year ended		Year ended
	31 December 2011	31 December 2010	30 June 2011
	Unaudited R'000	Unaudited R'000	Audited R'000
Cash generated from operations	1 720 406	1 052 720	3 521 328
Cash utilised in investing activities	(3 690 782)	(1 064 135)	(2 193 127)
Cash generated by/(utilised in) financing activities	2 782 572	(51 735)	(901 376)
Increase/(decrease) in cash for the period	812 196	(63 150)	426 825
Cash resources at beginning of period	2 334 734	1 907 909	1 907 909
<b>Cash resources per statement of financial position</b>	<b>3 146 930</b>	1 844 759	2 334 734

### SALES VOLUMES

Sales volumes for the current period were higher for iron ore and manganese commodities, while sales of charge chrome and chrome ore were lower than for the comparable period.

The table below sets out Assmang's sales volumes for the current period:

	Half-year ended		Increase/ (decrease) %
	31 December 2011	31 December 2010	
<b>Metric tons '000</b>	<b>2011</b>	2010	
Iron ore	6 781	4 039	68
Manganese ore*	1 590	1 456	9
Manganese alloys*	104	87	20
Charge chrome	86	91	(5)
Chrome ore*	211	213	(1)

\* Excluding intra-group sales to alloy plants.

### CAPITAL EXPENDITURE

The bulk of the Group's capital expenditure occurs in Assmang, where more than R2,1 billion was spent on capital items in the period. R928 million was spent on Assmang's Khumani Expansion Project ("KEP"), which remains within budget and ahead of schedule. An additional R669 million was spent at Khumani Mine on ramp-up capital, enabling the mine to produce the intended 14 million tons of iron ore per annum for the export market. The conversion of ferrochrome capacity to ferromanganese capacity at the Machadodorp Works continues, and R39 million was spent on the conversion of two furnaces. The bulk of the remainder of Assmang's capital expenditure is of an ongoing replacement nature.

### OUTLOOK

Chinese steel production has declined for the second consecutive quarter, while sovereign debt issues in Europe persist. Prices for iron ore appear to have settled in a band lower than the high levels experienced in the second half of the previous financial year. Certain high cost Chinese iron ore miners have stopped production as a result, causing reasonably strong demand for seaborne iron ore. Slow economic growth in Europe and elsewhere is also placing pressure on prices of the Group's other commodities. Since most of the Group's commodities continue to be exported, it remains significantly exposed to fluctuations in the Rand/US Dollar exchange rate. These factors make it difficult to predict the future performance of the Group in the second half of the financial year with any certainty.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half-year ended		Year ended
	31 December 2011	31 December 2010	30 June 2011
	Unaudited R'000	Unaudited R'000	Audited R'000
<b>Share capital, share premium and other reserves</b>	<b>734 092</b>	529 210	529 210
Balance at beginning of year	734 092	529 210	529 210
Other comprehensive (loss)/income	(55 414)	155 293	204 882
Balance at end of period	678 678	684 503	734 092
<b>Treasury shares</b>	<b>(2 359 028)</b>	(2 359 028)	(2 359 028)
Balance at beginning of year	(2 359 028)	(2 359 028)	(2 359 028)
Treasury shares purchased during the period	(2 692 555)	—	—
Balance at end of period	(5 051 583)	(2 359 028)	(2 359 028)
<b>Retained earnings</b>	<b>12 390 460</b>	9 697 261	9 697 261
Balance at beginning of year	12 390 460	9 697 261	9 697 261
Profit for the period	2 129 171	1 392 501	3 219 754
Ordinary dividends declared during the period			
Numbers 109 at R2,50 per share (2010: R2,40 per share)	(258 018)	(287 210)	(526 555)
Balance at end of period	14 261 613	10 802 552	12 390 460
<b>Ordinary shareholders' interest</b>	<b>9 888 708</b>	9 128 027	10 765 524
<b>Non-controlling interests</b>	<b>1 142 287</b>	1 020 035	1 020 035
Balance at beginning of year	1 142 287	1 020 035	1 020 035
Share of total comprehensive income	8 979	10 766	29 932
Dividends paid to non-controlling shareholders	(5 901)	(12 678)	(14 153)
Share of foreign currency translation reserve arising on consolidation	6 165	(3 921)	(3 527)
Balance at end of period	123 530	96 202	114 287
<b>Total equity</b>	<b>10 012 238</b>	9 224 229	10 879 811

### SEGMENTAL INFORMATION

R'000	Joint venture mining and beneficiation				Marketing and shipping	Other mining and beneficiation	Treasury	Consolidation adjustments*	Consolidated
	Iron ore	Manganese	Chrome	Sub-total					
<b>Half-year ended 31 December 2011 – unaudited</b>									
<b>Revenues</b>									
– third party	7 518 677	3 457 439	962 441	11 938 557	603 162	248 877	22 490	(5 969 279)	6 843 807
– inter-segmental	—	—	—	—	387 818	129 410	—	(517 228)	—
<b>Total</b>	<b>7 518 677</b>	<b>3 457 439</b>	<b>962 441</b>	<b>11 938 557</b>	<b>990 980</b>	<b>378 287</b>	<b>22 490</b>	<b>(6 486 507)</b>	<b>6 843 807</b>
<b>Contribution to after-tax profit</b>	<b>3 125 669</b>	<b>834 030</b>	<b>(9 706)</b>	<b>3 949 993</b>	<b>202 303</b>	<b>(1 759)</b>	<b>(31 080)</b>	<b>(1 981 307)</b>	<b>2 138 150</b>
Half-year ended 31 December 2010 – unaudited									
<b>Revenues</b>									
– third party	3 987 044	3 204 236	921 297	8 112 577	567 865	129 675	14 854	(4 056 289)	4 768 682
– inter-segmental	—	—	—	—	268 770	1 680	—	(270 450)	—
<b>Total</b>	<b>3 987 044</b>	<b>3 204 236</b>	<b>921 297</b>	<b>8 112 577</b>	<b>836 635</b>	<b>131 355</b>	<b>14 854</b>	<b>(4 326 739)</b>	<b>4 768 682</b>
<b>Contribution to after-tax profit</b>	<b>1 749 747</b>	<b>849 501</b>	<b>(87 159)</b>	<b>2 512 089</b>	<b>170 260</b>	<b>6 551</b>	<b>(23 351)</b>	<b>(1 262 282)</b>	<b>1 403 267</b>

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

### Directors:

**Executive:** Desmond Sacco (Chairman), CJ Cory (Chief Executive Officer), PC Crous (Technical and Operations)

**Non-executive:** EM Southey, (Deputy Chairman and Lead Independent Director), RJ Carpenter, DMJ Ncube, WF Urmson

**Alternate:** PE Sacco, AD Stalker, BH van Aswegen

**Registered office:** Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 **Transfer office:** Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001

**Company secretaries:** African Mining and Trust Company Limited **Sponsor:** The Standard Bank of South Africa Limited

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