



## Final results for the year ended 30 June 2011

- **Strong iron ore prices**

- **Earnings more than double**

- **Final dividend increased**

**to R2,50**

### COMMENTARY

Earnings for the financial year to 30 June 2011 have increased by 117,6% on the previous year to R3,2 billion due mainly to the significant increase in the earnings of Assmang Limited (Assmang), and the resulting increased commissions earned on the higher sales of Group products, compared to the previous financial year. The increase in earnings for the year was due to a stronger demand for all Group products and in particular substantially higher prices for iron ore across the year. Strength in the iron ore price was driven by demand from China where total steel production is expected to reach record levels during the current calendar year. However, the effect of the higher iron ore prices on earnings was partly offset by the impact of the stronger Rand, particularly in the second half.

As a result of the trading conditions described above, Assmang's earnings increased by 111,8% to R5,8 billion compared to the previous year. Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards (IFRS).

### Sales volumes

In line with higher crude and stainless steel production levels, sales volumes for iron ore and chrome products were higher in the current financial year. In conjunction with the increased prices for iron ore, Assmang's turnover for the year under review increased to R19,1 billion (2010: R12,9 billion). The following table sets out the sales volumes of Assmang's commodities for the year under review:

|                   | 2011<br>'000 M tons | 2010<br>'000 M tons | %<br>change |
|-------------------|---------------------|---------------------|-------------|
| Iron ore          | 10 006              | 9 799               | 2           |
| Manganese ore*    | 2 882               | 3 095               | (7)         |
| Manganese alloys* | 218                 | 238                 | (8)         |
| Charge chrome     | 238                 | 189                 | 26          |
| Chrome ore*       | 373                 | 272                 | 37          |

\*Excluding intra-group sales to alloy plants

### Capital expenditure

The bulk of the Group's capital expenditure occurs in Assmang, and amounted to R4,1 billion (2010: R3,3 billion) for the year under review. The major capital expenditure for the year occurred in the iron ore and manganese divisions of Assmang. A total of R2,8 billion was spent on the ongoing infrastructural development at the Khumani Iron Ore Mine, which will result in the mine capacity increasing to 16 million sales tons per annum from 1 July 2012. R313 million was spent on rebuilding manganese and chrome furnaces at Cato Ridge Works and Machadodorp Works. Apart from the expenditure in Assmang, R38 million has been spent on further developing two underground mines at the chromite mines at Rustenburg Minerals, which are expected to meet their planned production volumes during calendar 2013.

### Outlook

Although it is anticipated that world steel production will reduce marginally in the second half of the calendar year, from the record levels in the first half of the year, the iron ore market is expected to remain tight due to continued strong levels of production in Asia. The world manganese and chrome ore and alloy markets are currently in oversupply, and although prices appear to have stabilised, it is unlikely that there will be a significant recovery in prices in the short term. Further short term volatility is also expected, due to the sovereign debt issues in the United States, and certain European countries. Of particular concern to the Group, are the continuing increases in the cost prices of electricity and other local inputs, which are placing pressure on the sustainability of its smelting operations. Assmang and Transnet continue to negotiate increased capacity allocation for iron and manganese ores railed from the Northern Cape. Compounded by the above, the results of the Group remain significantly exposed to fluctuations in exchange rates.

### Dividends

The results in this announcement include the interim dividend of 200 cents (2010: 100 cents) per share which was declared on 15 February 2011 and paid to shareholders on 14 March 2011. In line with the results for the year, the Board has declared a final dividend of 250 cents per share, making a total dividend for the year of 450 cents (2010: 340 cents) per share. The final dividend will be paid to shareholders on or about 19 September 2011 and in accordance with IFRS, is not included in the results in this announcement as it was declared after year-end.

### Review by auditors

LP van Breda of Ernst & Young Inc, the Group's auditors, has reviewed and issued an unmodified report on the financial results included in this announcement in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A copy of their report is available for inspection at the registered office of the Company.

### Accounting policies and basis of preparation

The financial results for the year under review have been prepared under the supervision of Mr CJ Cory, CA(SA) and in accordance with IAS 34 – Interim Financial Reporting. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2010. Amendments to, and interpretations of IFRS effective in the year have not had any impact on the results or disclosures of the Group, while no other impacts resulted due to a set of improvements representing mostly minor changes, as published by the International Accounting Standards Board. The comparatives for earnings and dividends per share, and weighted average number of ordinary shares in issue have been restated for the subdivision of 5 for 1 ordinary shares on 10 September 2010.

### Event after the reporting period

The special and ordinary resolutions tabled at the general meeting of shareholders on 10 August 2011 relating to the first phase of the Group's third empowerment transaction were approved by the requisite majorities of shareholders. In terms of the transaction, 11,8% of Assore's shares have been warehoused in a special purpose vehicle (SPV), prior to being disposed of into a broad-based BEE structure. In accordance with the resolutions, the shares were acquired from Shanduka Resources (Proprietary) Limited on 19 August 2011, for which bridging finance was granted by the Standard Bank of South Africa Limited. The impact of this transaction on the Group's statement of financial position is an increase in long term liabilities of R2,8 billion, and a decrease in equity, in the form of treasury shares, of R2,8 billion.

### Directors

Since the issuing of the Company's previous annual report, the following changes to the board took place, on the following dates:

- 11 November 2010 – Mr RJ (Bob) Carpenter stood down as Deputy Chairman, after 47 years of service with the Group, and on 28 February 2011 resigned as an executive director, remaining on the Board in a non-executive capacity;
- 11 November 2010 – Mr EM (Ed) Southey was appointed as Deputy Chairman and Lead Independent Director;
- 8 March 2011 – Mr NG Sacco resigned as alternate director;
- 3 May 2011 – Mr DMJ (Don) Ncube was appointed as an independent non-executive director; and
- 19 August 2011 – following the conclusion of the first phase of the third empowerment transaction, Mr MC (Cyril) Ramaphosa (and his alternate, Mr RM Smith) resigned as non-executive director.

### Declaration of final dividend

Final dividend No. 109 of 250 cents per share was declared on 24 August 2011, in the currency of the Republic of South Africa. The salient dates are as follows:

- Last day for trading to qualify and participate in the final dividend (and change of address of dividend instructions) Friday, 9 September 2011
- Trading "ex dividend" commences Monday, 12 September 2011
- Record date Friday, 16 September 2011
- Dividend payment date Monday, 19 September 2011

Share certificates may not be dematerialised or rematerialised between Monday, 12 September 2011 and Friday, 16 September 2011, both days inclusive.

On behalf of the Board

**Desmond Sacco**  
Chairman  
Johannesburg  
25 August 2011

**CJ Cory**  
Chief Executive Officer

### Consolidated income statement

|  | Year ended<br>30 June<br>2011<br>Reviewed<br>R'000 | Year ended<br>30 June<br>2010<br>Audited<br>R'000 |
|--|--|---|
| Revenue  | 11 180 037   | 7 565 582   |
| Turnover   | 10 547 806   | 7 085 669   |
| Cost of sales  | (6 044 740)  | (4 787 703)                                       |
| Gross profit   | 4 503 066  | 2 297 966   |
| Other income   | 848 731  | 623 818   |
| Other expenses   | (457 797)  | (463 691)   |
| Finance costs  | (77 790)   | (123 633)   |
| Profit before taxation and State's share of profits                        | 4 816 210  | 2 334 460   |
| Taxation and State's share of profits                                      | (1 566 523)  | (822 963)   |
| Profit for the year  | 3 249 687  | 1 511 497   |
| Attributable to:   |  |   |
| Shareholders of the holding company  | 3 219 755  | 1 479 524   |
| Non-controlling shareholders   | 29 932   | 31 973  |
| As above   | 3 249 687  | 1 511 497   |
| Earnings as above  | 3 219 755  | 1 479 524   |
| Profit on disposal (net of tax) of property, plant and equipment           | (407)  | (1 983)   |
| Impairment of non-financial assets   | —  | 16 664  |
| Headline earnings  | 3 219 348  | 1 494 205   |
| Earnings per share (basic and diluted – cents)                             | 2 691  | 1 236   |
| Headline earnings per share (basic and diluted – cents)                    | 2 690  | 1 248   |
| Dividends per share declared in respect of the profit for the year (cents) | 450  | 340   |
| – Interim  | 200  | 100   |
| – Final  | 250  | 240   |
| Weighted average number of ordinary shares (million)                       |  |   |
| Ordinary shares in issue   | 139,61   | 138,43  |
| Weighted impact of treasury shares – held by Bokamoso Trust                | (19,94)  | (18,75)   |
|  | 119,67   | 119,68  |

### Consolidated statement of comprehensive income

|   | Year ended<br>30 June<br>2011<br>Reviewed<br>R'000 | Year ended<br>30 June<br>2010<br>Audited<br>R'000 |
|---|--|---|
| <b>Profit for the year (as above)</b>                                     | 3 249 687  | 1 511 497   |
| <b>Other comprehensive income for the year, net of tax</b>                | 204 882  | 143 705   |
| Net gain on revaluation of available-for-sale investments to market value | 242 336  | 167 095   |
| Deferred capital gains taxation   | (33 927)   | (23 393)  |
|   | 208 409  | 143 702   |
| Exchange differences on translation of foreign operations                 | (3 527)  | 3   |
| <b>Total comprehensive income for the year, net of tax</b>                | 3 454 569  | 1 655 202   |
| Attributable to:  |  |   |
| Shareholders of the holding company                                       | 3 424 637  | 1 623 229   |
| Non-controlling interests   | 29 932   | 31 973  |
| As above  | 3 454 569  | 1 655 202   |

### Consolidated statement of financial position

|  | At<br>30 June<br>2011<br>Reviewed<br>R'000 | At<br>30 June<br>2010<br>Audited<br>R'000 |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>Non-current assets</b>  |  |   |
| Property, plant and equipment, investment properties and intangible assets | 8 027 344                                  | 6 409 471                                 |
| Investments – available-for-sale investments – other                       | 887 248                                    | 602 851                                   |
| Other non-current financial assets   | 53 051                                     | 31 906                                    |
| Total non-current assets   | 8 998 433                                  | 7 117 495                                 |
| <b>Current assets</b>  |  |   |
| Inventories  | 2 005 577                                  | 1 771 977                                 |
| Trade and other receivables  | 1 632 270                                  | 1 481 046                                 |
| Cash resources   | 2 334 734                                  | 1 907 909                                 |
| Total current assets   | 5 972 581                                  | 5 160 932                                 |
| <b>TOTAL ASSETS</b>  | 14 971 014                                 | 12 278 427                                |
| <b>EQUITY AND LIABILITIES</b>  |  |   |
| <b>Share capital and reserves</b>  |  |   |
| Ordinary shareholders' interest  | 10 765 526                                 | 7 867 443                                 |
| Non-controlling interests  | 114 287                                    | 102 035                                   |
| Total equity   | 10 879 813                                 | 7 969 478                                 |
| <b>Non-current liabilities</b>   |  |   |
| Net deferred taxation liabilities  | 2 173 621                                  | 1 713 729                                 |
| Long-term liabilities  | 222 888                                    | 216 826                                   |
| Total non-current liabilities  | 2 396 509                                  | 1 930 555                                 |
| <b>Current liabilities</b>   |  |   |
| Interest-bearing   | 154 147                                    | 1 031 645                                 |
| Non-interest-bearing   | 1 540 545                                  | 1 346 749                                 |
| Total current liabilities  | 1 694 692                                  | 2 378 394                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | 14 971 014                                 | 12 278 427                                |
| Net asset value per share (Rand)   | 91,0                                       | 66,6                                      |
| Capital expenditure (R million)  | 2 112,5                                    | 1 749,3                                   |
| Capital commitments (R million)  | 3 282,4                                    | 3 013,5                                   |

### Segmental information

| R'000                                     | Joint venture mining and beneficiation |                  |                  |                   | Marketing and shipping | Other mining and beneficiation | Adjustments*        | Consolidated      |
|---|--|------------------|------------------|-------------------|------------------------|--------------------------------|---------------------|-------------------|
|   | Iron ore                               | Manganese        | Chrome           | Sub-total         |                        |                                |                     |                   |
| <b>Year ended 30 June 2011 – Reviewed</b> |  |                  |                  |                   |                        |                                |                     |                   |
| <b>Revenues</b>                           |  |                  |                  |                   |                        |                                |                     |                   |
| Third party                               | 10 358 436                             | 6 376 483        | 2 487 215        | 19 222 134        | 1 067 875              | 290 571                        | (9 400 543)         | 11 180 037        |
| Inter-segment                             | —                                      | —                | —                | —                 | 628 448                | 3 388                          | (631 836)           | —                 |
| <b>Total revenues</b>                     | <b>10 358 436</b>                      | <b>6 376 483</b> | <b>2 487 215</b> | <b>19 222 134</b> | <b>1 696 323</b>       | <b>293 959</b>                 | <b>(10 032 379)</b> | <b>11 180 037</b> |
| <b>Contribution to earnings</b>           | <b>4 650 908</b>                       | <b>1 369 738</b> | <b>(233 839)</b> | <b>5 786 807</b>  | <b>408 983</b>         | <b>(70 043)</b>                | <b>(2 905 992)</b>  | <b>3 219 755</b>  |
| Year ended 30 June 2010 – Audited         |  |                  |                  |                   |                        |                                |                     |                   |
| Revenues                                  |  |                  |                  |                   |                        |                                |                     |                   |
| Third party                               | 5 002 654                              | 6 253 174        | 1 789 643        | 13 045 471        | 642 336                | 189 986                        | (6 312 211)         | 7 565 582         |
| Inter-segment                             | —                                      | —                | —                | —                 | 422 223                | 2 240                          | (424 463)           | —                 |
| Total revenues                            | 5 002 654                              | 6 253 174        | 1 789 643        | 13 045 471        | 1 064 559              | 192 226                        | (6 736 674)         | 7 565 582         |
| Contribution to earnings                  | 1 436 649                              | 1 480 222        | (184 650)        | 2 732 221         | 163 318                | (37 431)                       | (1 378 584)         | 1 479 524         |

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

#### Assore Limited

Company registration number: 1950/037394/06  
Share code: ASR ISIN: ZAE000146932  
("Assore" or "Group" or "Company")

**www.assore.com**

#### 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\*, Dr JC van der Horst\* \*Independent

#### Alternate

PE Sacco

#### Registered office

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

#### Company secretaries

African Mining and Trust Company Limited

#### Sponsor

The Standard Bank of South Africa Limited

#### Transfer office

Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001