

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 50% thereon	6 557 512	2 586 947
Group consolidation adjustments	3 278 756	1 293 474
	(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