



ANNUAL FINANCIAL STATEMENTS 2018



ANNUAL FINANCIAL STATEMENTS

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Cover image: Excavator loading ore into haul truck at Beeshoek Iron Ore Mine.

Report feedback

Feedback on this Assore report can be made directly to Mrs MJ Claassen at: marethaclaassen@assore.com

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APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2018

The consolidated and separate financial statements of Assore Limited for the year ended 30 June 2018, as set out on pages 2 to 84, 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 and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 19 October 2018, 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 2018

We certify that the requirements stated in section 88(2)(e) of the Companies Act have been met and that all returns and notices, as are required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns and notices are true, correct and up to date.



African Mining and Trust Company Limited
Secretaries
per: **CD Stemmett**

19 October 2018

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2018

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 6 to 84, which comprise the directors' report, consolidated and separate statements of financial position as at 30 June 2018, 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 2018, 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 (ISAs). 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.

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Key audit matter (KAM)

Environmental rehabilitation

(Consolidated financial statements only)

The nature of the mining industry's mineral extraction is such that environmental disturbance is inevitable.

In terms of NEMA regulations, IAS 37 and IFRIC 1 the group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. Management calculates a rehabilitation provision based on the present value of the estimated future decommissioning and restoration costs at the end of the group's mine and plant lives.

The key risks associated with this provision are:

- the key uncertainty surrounding the future life of mines;
- the forward-looking nature of the provisions; and
- the uncertainty regarding the underlying assumptions.

The disclosure associated with the environmental rehabilitation is set out in the consolidated financial statements in note 15.

How the matter was addressed in the audit

Our audit procedures involved, among others, the following:

1. As the Assore group's only significant rehabilitation provision relates to the mining operations of the subsidiary Dwarsrivier Chrome Mine (Dwarsrivier), our review focused on Dwarsrivier's rehabilitation provision.
2. We engaged, as part of our team, environmental valuation specialists to assist us in our assessment of the measurement of the environmental rehabilitation provision.
3. We reviewed the work performed by Dwarsrivier management's independent environmental experts who were appointed to perform the evaluation of Dwarsrivier's environmental rehabilitation and mine closure costs. Our procedures included a review of:
 - a. The experts' assessment of environmental risk.
 - b. Their estimation of Dwarsrivier's environmental rehabilitation costs on the "current disturbance" and life-of-mine basis.
 - c. The assessment of the Dwarsrivier environmental rehabilitation, decommissioning and mine closure plan prepared by the experts.
 - d. The contextual information and the underlying assumptions applied for calculation of the rehabilitation and closure costs and the related financial provision.
 - e. Dwarsrivier management's recorded long-term provision for rehabilitation costs to be included in Dwarsrivier's financial records and compared this with the expert's independent estimate of the NEMA financial provision relating to current mine closure rehabilitation and mine closure/decommissioning costs.
4. The team tested and reperformed management's calculation of environmental rehabilitation provisions recorded. The team obtained the report from independent experts to assess the reasonability of the assumptions used in the calculations.
5. Assessed the reasonability of management's economic assumptions in their rehabilitation models. The most significant of these assumptions include the risk-free discount rates and the expected future inflation factors, as they have the most significant impact on the balance of the provision.
6. Evaluated the adequacy of financial statement disclosures in compliance with IFRS.
7. Inspected the accounting entries.

INDEPENDENT AUDITOR'S REPORT continued

for the year ended 30 June 2018

Other information

The directors are responsible for the other information. The other information comprises the Audit Committee's report and the company secretary's certificate as required by the Companies Act of South Africa, and the information included in the integrated annual report, 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.

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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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.

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- 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 29 years.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Dave Ian Cathrall

Registered auditor

Chartered Accountant (SA)

19 October 2018

DIRECTORS' REPORT

for the year ended 30 June 2018

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% (2017: 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 alloys. In addition, the group mines chrome ore at Dwaarsrivier Chrome Mine 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 Chief executive officer's report. Refer pages 26 to 31 of the 2018 integrated annual report.

FINANCIAL RESULTS

The financial results of the group for the year ended 30 June 2018 are summarised below:

	Year ended 30 June	
	2018 R'000	2017 R'000
Turnover	6 305 587	5 945 266
Profit before joint-venture entity and foreign listed associate	1 666 926	1 888 857
Share of profit from joint-venture entity, after taxation	3 524 287	3 266 282
Share of losses in associates	(16 211)	(16 809)
Profit for the year	5 175 002	5 138 330
Profit attributable to non-controlling shareholders	(55 673)	(117 159)
Profit attributable to the shareholders of the holding company	5 119 329	5 021 171
Less: Dividends relating to the group's activities for the year under review	2 270 554	1 444 478
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	1 396 070	837 642
Final dividend No 123 of 1 200 cents (2017: 800 cents) per share – declared on 5 September 2018	1 675 284	1 116 856
Less: Dividends attributable to treasury shares	(800 800)	(510 020)
Profit for the year after dividends	2 848 775	3 576 693
The attributable interest of the company in the aggregate net profit and losses after taxation of subsidiary companies was as follows:		
– Profits	1 505 909	1 843 787
– Losses	(39 757)	(73 648)

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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 5, 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.

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.

Abridged consolidated comprehensive income statement of Assmang

	Year ended 30 June	
	2018 R'000	2017 R'000
Turnover	27 548 235	26 280 018
Profit before taxation	9 994 479	9 101 268
Taxation	(2 920 956)	(2 543 755)
Earnings	7 073 523	6 557 513
Other comprehensive income/(loss)	265 267	(445 405)
Dividends declared and paid during the year	(6 000 000)	(5 607 730)
Total comprehensive income for the year after dividends	1 338 790	504 378

DIRECTORS' REPORT *continued*

for the year ended 30 June 2018

**ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF ASSMANG AT 30 JUNE**

	2018	2017
	R'000	R'000
Assets		
Non-current assets	26 509 377	25 073 561
Current assets		
Inventories	4 392 486	3 647 687
Trade and other receivables	5 522 327	4 317 489
Financial assets	228 367	275 632
Cash resources	5 014 065	6 330 426
Total assets	41 666 622	39 644 795
Equity and liabilities		
Equity	31 884 665	30 545 874
Non-current liabilities		
Deferred taxation liability	5 809 009	5 471 271
Long-term provisions	897 397	913 301
Trade and other payables	89 217	94 439
Current liabilities		
Trade and other payables	1 819 476	1 584 458
Short-term provisions	960 674	643 080
Taxation	206 184	392 372
Total liabilities	9 781 957	9 098 921
Total equity and liabilities	41 666 622	39 644 795
Capital expenditure	3 082 204	2 816 981
Capital commitments	2 844 692	2 586 774

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DIRECTORS' EMOLUMENTS

2018

Executive

Desmond Sacco (Chairman)
CE Walters (Chief executive officer – appointed 1 July 2017)
RA Davies (Chief financial officer – appointed 20 February 2018)
PE Sacco (Group marketing director)
BH van Aswegen (Technical and operations director)

Non-executive

EM Southey (Deputy chairman and lead independent director)
DN Aitken
TN Mgoduso
S Mhlarhi
WF Urmson

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
73	4 264	711	—	310	5 358
96	5 904	12 526	1 234	1 422	21 182
22	1 026	3 016	258	397	4 719
96	2 800	9 255	709	987	13 847
96	3 119	10 512	790	1 093	15 610
750					750
300					300
400					400
400					400
600					600
2 833	17 113	36 020	2 991	4 209	63 166
110	4 264	355	—	311	5 040
96	5 666	13 777	1 435	28 778	49 752
96	2 592	7 162	657	972	11 479
96	2 888	8 295	732	1 442	13 453
700					700
100					100
375					375
375					375
575					575
2 523	15 410	29 589	2 824	31 503	81 849

Notes:

- Directors' fees include fees received from Assmang.
- 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 (refer page 10).
- 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 page 45 of the 2018 integrated annual report.

DIRECTORS' REPORT continued

for the year ended 30 June 2018

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2018 were as follows:

	Direct beneficial number of shares 2018	Indirect beneficial number of shares 2018	Direct beneficial number of shares 2017	Indirect beneficial number of shares 2017
Executive directors				
Desmond Sacco	990 000	32 430 489	990 000	32 430 489
CE Walters	—	—	—	—
RA Davies	—	—	—	—
PE Sacco	227 580	—	227 580	—
BH van Aswegen	6 305	—	4 505	—
CJ Cory (retired 30 June 2017)	—	—	50 000	—
Non-executive directors				
EM Southey	—	—	—	—
DN Aitken	—	—	—	—
TN Mgoduso	—	—	—	—
S Mhlarhi	—	—	—	—
WF Urmson	—	—	—	—
	1 223 885	32 430 489	1 272 085	32 430 489

Note: No changes in directors' interest have occurred between 30 June 2018 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.

In terms of the Memorandum of Incorporation (Moi), Messrs TN Mgoduso and S Mhlarhi are required to retire by rotation at the forthcoming Annual General Meeting (AGM). The aforementioned directors, being eligible, offer themselves for re-election and a brief *curriculum vitae* for each of these directors is included in the notice of the AGM (refer page 65).

DIVIDENDS

	2018 R'000	2017 R'000
Dividends declared during the year		
Final dividend No 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017	1 116 856	698 035
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	1 396 070	837 642
Less: Dividends attributable to treasury shares	(656 207)	(400 400)
	1 856 719	1 135 277
Dividends relating to results of the group for the year under review		
Interim dividend No. 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	1 396 070	837 642
Final dividend No. 123 of 1 200 cents (2017: 800 cents) per share – declared on 5 September 2018	1 675 284	1 116 856
Less: Dividends attributable to treasury shares	(800 800)	(510 020)
	2 270 554	1 444 478

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 2018. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2018		2017	
	Number of shares	%	Number of shares	%
Shareholder spread				
Shares held by the public/non-public				
Non-public*				
– Holders in excess of 10% of the share capital	105 021 450	75,23	105 021 450	75,23
– Directors of the company (direct and beneficial)	1 223 885	0,88	1 272 085	0,91
	106 245 335	76,11	106 293 535	76,14
Public shareholders	33 361 665	23,89	33 313 465	23,86
	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	1 223 885	0,88	1 272 085	0,91
Others – less than 5%	33 361 665	23,89	33 313 465	23,86
	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 page 48 of the 2018 integrated annual report.

SPECIAL RESOLUTION

The following special resolution was passed on 24 November 2017:

"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 5 September 2018, the board declared a final dividend of 1 200 cents per share, amounting to R1 675,3 million, which was paid to shareholders on 1 October 2018.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Investment in joint-venture entity	1	15 984 321	15 327 400
Property, plant and equipment	2	1 132 725	873 531
Intangible assets	3	661 140	711 111
Investments			
– available-for-sale listed investments	4	262 003	229 376
– foreign listed associate	5	154 896	108 729
– available-for-sale unlisted investments		7 568	24 098
Pension fund surplus	34	129 245	93 144
Long-term loan	35.2	6 000	—
		18 337 898	17 367 389
Current assets			
Inventories	6	1 361 954	1 223 032
Trade and other receivables	7	1 222 327	1 104 332
Assets held-for-sale as part of identified disposal groups	8	1 351	—
Cash resources	9	8 449 797	5 626 778
		11 035 429	7 954 142
Total assets		29 373 327	25 321 531
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	10	698	698
Share premium	11	264 092	264 092
Treasury shares	12	(5 065 510)	(5 062 848)
Retained earnings		30 633 535	27 370 925
Other reserves	13	258 537	76 433
Equity attributable to shareholders of the holding company		26 091 352	22 649 300
Non-controlling shareholders' deficit		(40 990)	(24 348)
Total equity		26 050 362	22 624 952
Non-current liabilities			
Deferred taxation	14	345 440	283 778
Long-term provisions	15	166 639	127 678
Share-based payment liability	16	17 513	7 242
		529 592	418 698
Current liabilities			
Trade and other payables	17	2 039 587	1 500 487
Taxation	26.4	24 059	72 532
Short-term provisions	18	128 081	125 143
Overdrafts	19	584 472	579 719
Liabilities associated with assets held-for-sale	8	17 174	—
		2 793 373	2 277 881
Total equity and liabilities		29 373 327	25 321 531

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CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Revenue	20	7 804 737	7 223 959
Turnover		6 305 587	5 945 266
Cost of sales		(4 800 780)	(4 200 692)
Gross profit		1 504 807	1 744 574
Add: Other income			
Commissions on sales and technical fees	20	979 005	920 055
Foreign exchange gains	22	59 827	11 779
Investment income	20	520 146	353 512
Bargain purchase gain	35.1	—	256 755
Profit on sale of available-for-sale listed investments	4	42 432	—
Other income		26 159	7 026
Less: Other expenses			
Finance costs	21	(19 394)	(19 662)
Foreign exchange losses	22	(6 896)	(401)
Mining royalty taxes	22	(138 938)	(178 148)
Impairment of furniture, fittings and office equipment	2	(9 519)	—
Impairment of non-financial assets	22	(21 564)	—
Staff remuneration and benefits	22	(375 672)	(332 600)
Other expenses		(247 921)	(290 613)
Profit before taxation	22	2 312 472	2 472 277
Taxation	23	(645 546)	(583 420)
Profit after taxation, before joint-venture entity and associates		1 666 926	1 888 857
Share of profit from joint-venture entity, after taxation	1	3 524 287	3 266 282
Share of losses in associates		(16 211)	(16 809)
Profit for the year		5 175 002	5 138 330
Attributable to:			
Shareholders of the holding company		5 119 329	5 021 171
Non-controlling shareholders' share of profits in subsidiary companies		55 673	117 159
As above		5 175 002	5 138 330
Earnings per share (cents) (basic and diluted)	24	4 963	4 867

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Profit for the year (as above)		5 175 002	5 138 330
Items that may be reclassified into the income statement dependent on the outcome of a future event		162 862	(210 563)
Gains on revaluation to available-for-sale listed investments, after taxation		32 933	38 251
Gains on revaluation to market value of available-for-sale listed investments	4	77 024	49 292
Deferred capital gains taxation thereon	14	(44 091)	(11 041)
Exchange differences on translation of foreign operations		129 929	(248 814)
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	13	17 206	26 959
Total comprehensive income for the year, net of taxation		5 355 070	4 954 726
Less: Comprehensive income attributable to non-controlling shareholders		(57 709)	(104 364)
Attributable to shareholders of the holding company		5 297 361	4 850 362

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Cash generated from operating activities		185 515	734 600
Net cash generated from operations		2 342 134	2 205 469
Cash generated from operations	26.1	1 968 533	2 089 291
Dividend income	20	17 778	4 190
Movements in working capital	26.2	355 823	111 988
Interest income		470 425	324 197
Finance costs	26.3	(12 835)	(12 003)
Taxation paid	26.4	(683 139)	(552 945)
Dividends paid to shareholders of the holding company	26.5	(2 512 926)	(1 535 677)
Dividends attributable to treasury shares, utilised within the group	26.5	656 207	400 400
Dividends paid to non-controlling shareholders		(74 351)	(94 841)
Cash retained from investing activities		2 632 751	2 123 308
Proceeds from disposal of available-for-sale listed investments		86 706	—
Proceeds from disposal of available-for-sale unlisted investments		—	20 493
Acquisition of interests in associates		(66 584)	—
Additions to property, plant and equipment	2	(404 121)	(149 859)
Dividend received from joint-venture entity	1	3 000 000	2 250 000
Proceeds on disposal of property, plant and equipment		16 750	2 674
Cash generated/(utilised) by financing activities		4 753	(416 055)
Movement in overdraft	19	4 753	(416 055)
Cash resources		2 823 019	2 441 853
– increase for the year		5 626 778	3 184 925
– at beginning of year		8 449 797	5 626 778
– at end of year	9		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Note	2018 R'000	2017 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		(5 062 848)	(5 051 583)
Acquired during the year		(2 662)	(11 265)
Balance at end of year	12	(5 065 510)	(5 062 848)
Retained earnings			
Balance at beginning of year		27 370 925	23 485 031
Profit for the year		5 119 329	5 021 171
Ordinary dividends declared during the year	25	(1 856 719)	(1 135 277)
Final dividend No 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017		(1 116 856)	(698 035)
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018		(1 396 070)	(837 642)
Less: Dividends attributable to treasury shares		656 207	400 400
Balance at end of year		30 633 535	27 370 925
Other reserves			
Balance at beginning of year		76 433	247 242
Other comprehensive income/(loss)		182 104	(170 809)
– gain after taxation arising on revaluation of available-for-sale listed investments to market value at year-end		32 933	38 251
– foreign currency translation reserve arising on consolidation		131 965	(236 019)
– actuarial gains in pension fund, after taxation	13	17 206	26 959
Balance at end of year	13	258 537	76 433
Equity attributable to shareholders of the holding company		26 091 352	22 649 300
Non-controlling shareholders' deficit			
Balance at beginning of year		(24 348)	(33 871)
Share of total comprehensive (loss)/income		(16 642)	9 523
Total comprehensive income for the year, net of taxation		57 709	104 364
– profit for the year		55 673	117 159
– other comprehensive income/(loss) for the year		2 036	(12 795)
Dividends paid to non-controlling shareholders		(74 351)	(94 841)
Balance at end of year		(40 990)	(24 348)
Total equity		26 050 362	22 624 952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2017: 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 2018.

	2018 R'000	2017 R'000
Consolidated income statement of Assmang		
Turnover	27 548 235	26 280 018
Cost of sales	(16 206 770)	(14 810 082)
Gross profit	11 341 465	11 469 936
Other operating income	1 356 756	625 165
Other operating expenses	(3 469 816)	(3 926 871)
Profit from operations	9 228 405	8 168 230
Profit/(loss) from joint-venture entity	236 606	(46 137)
Income from investments	597 514	1 074 176
Finance costs	(68 046)	(95 001)
Profit before taxation	9 994 479	9 101 268
Taxation	(2 920 956)	(2 543 755)
Profit for the year, net of taxation	7 073 523	6 557 513
Discontinued operations		
Other comprehensive income/(loss)	265 267	(445 405)
Total comprehensive income for the year, net of taxation (group interest therein, 50% (2017: 50%)) (refer "Equity-accounted results for Assmang" below)	7 338 790	6 112 108
Dividends declared during the year	6 000 000	5 607 730
Abridged consolidated statement of financial position of Assmang		
Total assets		
Non-current assets	26 509 377	25 073 561
Current assets		
Inventories	4 392 486	3 647 687
Trade and other receivables	5 522 327	4 317 489
Financial assets	228 367	275 632
Cash resources	5 014 065	6 330 426
Total liabilities	41 666 622	39 644 795
Non-current liabilities		
Deferred taxation	5 809 009	5 471 270
Long-term provisions	897 397	916 300
Trade and other payables	89 217	94 439
Current liabilities		
Trade and other payables	1 819 476	1 572 077
Short-term provisions	960 674	750 612
Taxation	206 184	392 374
	9 781 957	9 197 072
Net assets	31 884 665	30 447 723
Proportion of the group's ownership	50%	50%
Carrying amount of investment		
Opening balance	15 327 400	15 094 529
Share of profit after taxation	3 524 287	3 266 282
Sale of Dwarsrivier	—	(560 709)
Share of other comprehensive income/(loss), net of taxation	132 634	(222 702)
Less: Dividends received	(3 000 000)	(2 250 000)
Carrying amount of investment in statement of financial position	15 984 321	15 327 400

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1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)

Carrying amount of investment (continued)

Capital expenditure

Capital commitments

– contracted for

– not contracted for

Equity-accounted results of Assmang

Total comprehensive income for the year, net of taxation

Less: Other comprehensive (income)/loss from operations

Assmang profit after taxation

50% thereof

Group consolidation adjustments

Share of profit from joint-venture entity after taxation per income statement

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:

– feasibility studies relating to manganese operations

– Dwarsrivier, upon sale to joint-venture partner

– one furnace and associated assets at Cato Ridge Works

– manganese export storage facility at Cato Ridge Works

2018 R'000	2017 R'000
3 082 204	2 816 981
2 844 692	2 586 774
941 078	857 218
1 903 614	1 729 556
7 338 790	6 112 107
(265 267)	445 405
7 073 523	6 557 512
3 536 761	3 278 756
(12 474)	(12 474)
3 524 287	3 266 282
51 900	—
—	749 347
—	124 626
—	68 396
51 900	942 369

2 PROPERTY, PLANT AND EQUIPMENT

At year-end

Land and buildings

Plant, machinery and equipment

Vehicles

Furniture, fittings and office equipment

Prospecting, exploration, mine development and decommissioning assets

Mineral and prospecting rights

Mine properties

Capital work-in-progress

Cost 2018 R'000	Accumulated depreciation and impairment charges 2018 R'000	Carrying amount 2018 R'000
208 992	(30 829)	178 163
716 193	(273 532)	442 661
204 453	(136 069)	68 384
170 929	(129 562)	41 367
364 387	(324 266)	40 121
—	—	—
89 113	(8 514)	80 599
281 430	—	281 430
2 035 497	(902 772)	1 132 725

Cost 2017 R'000	Accumulated depreciation and impairment charges 2017 R'000	Carrying amount 2017 R'000
194 517	(42 373)	152 144
872 091	(454 907)	417 184
243 091	(101 896)	141 195
159 124	(90 083)	69 041
213 096	(211 013)	2 083
3 040	(3 040)	—
93 207	(3 259)	89 948
1 936	—	1 936
1 780 102	(906 571)	873 531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

2 PROPERTY, PLANT AND EQUIPMENT (continued)

Movement for the year – 2018

Land and buildings
Plant, machinery and equipment
Vehicles
Furniture, fittings and office equipment
Prospecting, exploration, mine development and decommissioning assets
Mine properties
Capital work-in-progress

Opening carrying amount R'000	Additions R'000	Disposals R'000	Reclassifications R'000	Current depreciation and impairment charges R'000	Carrying amount R'000
159 476	39 629	(9 618)	(10 777)	(547)	178 163
418 482	21 254	(120)	51 375	(48 330)	442 661
141 198	3 514	(226)	(23 605)	(52 497)	68 384
70 027	17 636	(208)	(17 410)	(28 678)	41 367
834	38 818	—	506	(37)	40 121
81 580	—	—	3 685	(4 666)	80 599
1 934	283 270	—	(3 774)	—	281 430
873 531	404 121	(10 172)	—	(134 755)	1 132 725

Movement for the year – 2017

Land and buildings
Plant, machinery and equipment
Vehicles
Furniture, fittings and office equipment
Prospecting, exploration, mine development and decommissioning assets
Mine properties
Capital work-in-progress

Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Acquisition of Dwarsrivier R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
111 302	2 574	(9)	46 000	(391)	159 476
44 400	91 343	(15 886)	341 236	(42 611)	418 482
4 133	34 179	(2 216)	184 802	(79 700)	141 198
14 299	19 477	(127)	40 290	(3 912)	70 027
2 808	351	(2 302)	—	(23)	834
—	—	—	85 427	(3 847)	81 580
—	1 935	(1)	—	—	1 934
176 942	149 859	(20 541)	697 755	(130 484)	873 531

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 their continued use and therefore the remaining value-in-use was assessed at Rnil.

Computer hardware (six servers)

The computer hardware is included in the furniture, fittings and office equipment asset class.

2018
R'000

9 519

2017
R'000

—

3 INTANGIBLE ASSETS

Dwarsrivier mineral rights

Carrying amount at beginning of year

Acquired during the year

Amortised during the year

Goodwill

Goodwill arising on the acquisition of Minerals U.S. LLC

The directors are of the opinion that remaining goodwill recognised will be recovered in the form of future cash flows anticipated from Minerals U.S. LLC and is therefore not impaired

Licences

Carrying amount at beginning of year

Amortised during the year

4 AVAILABLE-FOR-SALE LISTED INVESTMENTS

Listed investments at cost

Cumulative impairment charges included in retained earnings

Opening balance

Reversal of impairment below cost previously recognised

Cumulative fair value adjustment included in other comprehensive income

Opening balance

Fair value adjustment at year-end disclosed in other reserves

Fair value adjustment of remaining investments

Profit on sale of available-for-sale listed investment

2018 R'000	2017 R'000
659 722	709 624
709 624	—
—	736 016
(49 902)	(26 392)
1 418	1 418
—	69
69	249
(69)	(180)
661 140	711 111
157 839	319 767
(53 398)	(170 929)
(170 929)	(170 929)
117 531	—
157 562	80 538
80 538	31 246
77 024	49 292
119 456	49 292
(42 432)	—
262 003	229 376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

5 INVESTMENT IN FOREIGN LISTED ASSOCIATE

81 316 667 (2017: 70 833 334) shares in IronRidge Resources Limited (IronRidge) at cost
At cost

– share of net asset value (NAV)

– goodwill

Share of equity losses to date

– balance at beginning of year

– share of equity losses for the year

Foreign currency translation reserve recorded in other comprehensive income*

– carrying value at end of year

The investment represents 28,91% (2017: 29,64%) 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 a junior exploration company, with a portfolio of gold, lithium, bauxite, titanium and iron ore prospects in Africa and Australia.

In accordance with IFRS, IronRidge is accounted for on the equity-accounting basis and the group's share of IronRidge's loss after taxation has been disclosed in the consolidated income statement. At year-end, the fair value of the group's investment, based on the AIM price, was R410 386 000 (2017: R423 045 000).

The financial information set out below has been extracted from the provisional results of IronRidge for the year ended 30 June 2018, converted to the group reporting currency as follows:

Abridged income statement of IronRidge

Revenue

Total reported comprehensive loss for the year

Abridged statement of financial position of IronRidge

Non-current assets

Current assets

– trade and other receivables

– other current assets

– cash resources

Total liabilities

Trade and other payables

Net assets

Portion owned by group (%)

During the year, the group acquired a further 10 483 333 shares in the amount of R63,6 million by way of a combination of rights issues and exercising the existing "creep" provisions contained in the shareholders' agreement.

2018 R'000	2017 R'000
185 537	121 953
113 890	50 306
71 647	71 647
(27 348)	(13 224)
(13 224)	(8 483)
(14 124)	(4 741)
(3 293)	—
154 896	108 729
506	43
(48 864)	(53 648)
87 823	95 370
11 553	1 067
110 044	130
95 496	23 277
304 916	119 844
10 244	8 460
294 672	111 384
28,91	29,64

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	2018 R'000	2017 R'000
6 INVENTORIES		
Raw materials	1 130	638
Consumable stores	120 518	99 120
Work-in-progress	160 846	132 970
Finished goods	1 079 460	990 304
	1 361 954	1 223 032
Cost of inventory expensed included in cost of sales	4 660 559	4 015 131
Cost of inventory written down during the year included in cost of sales	11 334	10 860
7 TRADE AND OTHER RECEIVABLES		
Trade	585 526	825 334
Other	636 801	278 998
– commissions receivable	402 835	112 954
– dividend receivable	72 763	95 504
– interest receivable	25 831	18 476
– sundry receivables	135 372	52 064
	1 222 327	1 104 332
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 DISPOSAL GROUPS HELD-FOR-SALE

On 17 November 2017, Assore, which owns 100% of the issued shares in Zeerust Chrome Mines Limited (Zeerust), entered into a sale of shares agreement. In terms of the agreement, Assore has agreed to sell all of its shares in Zeerust, with the transaction being contingent on certain suspensive conditions being met by 31 December 2018, the most significant of which is the consent required, in terms of the Mineral Resources and Petroleum Development Act, by the Department of Mineral Resources (DMR) for the transfer of the mining right from Zeerust (the section 11 transfer). The purchase consideration will be determined by reference to the preceding 12 month average price of chrome ore determined from the date all suspensive conditions for the transaction have been fulfilled.

On 6 February 2018, Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), in which the group has a 56% interest entered into a sale of business agreement. In terms of the agreement, Rustenburg Minerals agreed to sell its chrome mining business, comprising the assets and liabilities required for the income-earning activity of the chrome mining business. At year-end the sale was contingent upon certain suspensive conditions being met, with the purchase price being agreed at nominal value, payable to Rustenburg Minerals, for the transfer of its assets and liabilities. The agreement specifically excludes any contingent liabilities arising after the effective date, 1 October 2018, of the transaction.

Management regarded the net asset value to be disposed of as disposal groups.

These identified disposal groups comprised the following assets and liabilities at 30 June 2018.

	Rustenburg R'000	Zeerust R'000	Total R'000
Assets held-for-sale as part of identified disposal groups:			
– inventories	545	6	551
– trade and other receivables	259	190	449
– cash resources	273	78	351
			1 351
Liabilities associated with assets held-for-sale:			
– long-term provisions	9 950	1 607	11 557
– trade and other payables	4 293	1 033	5 326
– short-term provisions	251	40	291
			17 174

On 1 October 2018, all suspensive conditions for the sale of the business of Rustenburg Minerals had been met. The suspensive conditions for the sale of Zeerust have not been met as yet. The asset value of these operations have accordingly been disclosed as disposal groups held-for-sale in accordance with IFRS 5: *Non-current assets held-for-sale, and discontinued operations*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	2018 R'000	2017 R'000
9 CASH RESOURCES		
Cash on deposit, fixed deposit (including accrued interest)	686 000	3 499 529
Variable rate deposits and current	7 693 137	2 055 988
Cash pledged in favour of bankers by a subsidiary company to secure environmental guarantees issued by them	70 660	71 261
	8 449 797	5 626 778
10 SHARE CAPITAL		
Authorised		
200 000 000 (2017: 200 000 000) ordinary shares of 0,5 cents each	1 000	1 000
Issued		
Balance at beginning and end of year	698	698
139 607 000 (2017: 139 607 000) ordinary shares of 0,5 cents each		
11 SHARE PREMIUM		
Balance at beginning and end of year	264 092	264 092
12 TREASURY SHARES		
36 455 970 (2017: 36 447 646) ordinary shares in Assore Limited:	(2 692 555)	(2 692 555)
Controlled and owned by Main Street 904 Proprietary Limited (RF) (MS 904)	(2 683 705)	(2 683 705)
– 16 464 450 (11,79% of the issued share capital) acquired on 19 August 2011 at R163,00 per share	(8 850)	(8 850)
– Securities transfer taxation thereon	(13 927)	(11 265)
Owned by the Assore Employee Trust	(11 265)	—
– balance at beginning of year (47 646 shares)	(2 633)	(11 120)
– 8 224 (2017: 47 646) 0,01% (2017: 0,034%) of the issued share capital acquired during the year at an average price of R316,32 (2017: R228,20) per share	(29)	(145)
– Transaction costs thereon	(2 359 028)	(2 359 028)
Controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)	(2 352 354)	(2 352 354)
– 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	(6 674)	(6 674)
– Transaction and warehousing costs thereon	(5 065 510)	(5 062 848)
Balance at end of year		
13 OTHER RESERVES		
Foreign currency translation reserve arising on consolidation	60 377	(71 588)
– Balance at beginning of year	(71 588)	164 431
– Arising on consolidation	131 965	(236 019)
Accumulated actuarial gains in Assore pension fund	100 161	82 955
– Balance at beginning of year	82 955	55 996
– Net actuarial gains per statement of comprehensive income	17 206	26 959
– Actuarial gains for the year	23 897	37 443
Less: Deferred taxation thereon (refer note 14)	(6 691)	(10 484)
After tax fair value adjustment arising on the revaluation of available-for-sale listed investments at year-end:	97 999	65 066
Gross fair value adjustment (refer note 4)	157 562	80 538
Less: Deferred capital gains taxation	(59 563)	(15 472)
	258 537	76 433

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	2018 R'000	2017 R'000
14 DEFERRED TAXATION LIABILITY		
At year-end		
Arising on temporary differences		
Accelerated capital allowances	384 445	3 665
Revaluation of available-for-sale listed investments	23 332	(20 248)
Pension fund surplus	36 189	26 080
Prepaid expenditure	1 358	833
Valuation of inventories	(1 435)	(24 234)
Share-based payment liabilities	(4 904)	—
Income received in advance	(12 812)	(9 123)
Provisions raised	(80 733)	24 422
Acquisition of Dwarsrivier	—	282 383
	345 440	283 778
Movement for the year		
Balance at beginning of year	283 778	(17 421)
Arising on temporary differences in income statement	10 880	(2 709)
– accelerated capital allowances	71 400	3 416
– revaluation of available-for-sale listed investments	(511)	—
– pension fund surplus	3 418	(3 464)
– prepaid expenditure	525	595
– valuation of inventories	(1 449)	(24 234)
– share-based payment liability	(4 904)	—
– income received in advance	(3 689)	(9 123)
– provisions raised	(53 910)	30 101
Arising on temporary differences included in other comprehensive income or loss	50 782	21 525
– revaluation of available-for-sale listed investments at year-end	44 091	11 041
– actuarial gains on pension fund	6 691	10 484
Acquisition of Dwarsrivier	—	282 383
As above	345 440	283 778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	2018 R'000	2017 R'000
15 LONG-TERM PROVISIONS		
Environmental obligations		
Provision against cost of decommissioning assets	65 840	36 187
Balance at beginning of year	36 187	6 079
Provisions raised during the year	26 671	26 662
Unwinding of discount on the provision	2 982	3 446
Provision for cost of environmental restoration	34 940	43 865
Balance at beginning of year	43 865	16 696
Provisions (utilised)/raised during the year	(12 502)	22 956
Unwinding of discount on the provision	3 577	4 213
Employee benefit liability	77 416	47 626
Balance at beginning of year	47 626	—
Provision arising on acquisition of Dwarsrivier	—	56 478
Provisions raised during the year	41 199	—
Payments made during the year	(11 409)	—
Transfer between long and short-term provisions	—	(8 852)
Transfer to disposal groups held-for-sale	(11 557)	—
Balance at end of year	166 639	127 678
The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental restoration vary between 6,03% and 6,30% (2017: 6,30% and 8,25%) and the nominal discount rates vary between 8,25% and 8,49% (2017: 6,30% and 8,25%).		
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	17 513	7 242
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 2018, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R12 795 000 (2017: R11 678 103). The number of EPRs that have vested to date amount to 187 127 (2017: 173 179), and have a combined intrinsic value of R2 281 000 (2017: R2 770 456).		
The following assumptions were used in determining the fair value of the EPRs:		
– dividend yield, between 1,87% and 4,01% (2017: 2,44% and 3,78%)		
– expected volatility, between 41,64% and 51,73% (2017: 41,64% and 44,95%)		
– risk-free interest rate between 7,65% and 8,18% (2017: 7,77% and 8,81%)		

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	2018 R'000	2017 R'000
17 TRADE AND OTHER PAYABLES		
Trade	1 893 422	1 450 654
Other	146 165	49 833
	2 039 587	1 500 487
Trade and other payables are non-interest-bearing and terms vary between 30 and 90 days.		
18 SHORT-TERM PROVISIONS		
Bonuses	78 492	74 917
Balance at beginning of year	74 917	8 495
Provisions raised during the year	146 821	120 873
Transfers between long and short-term provisions	—	8 852
Payments made during the year	(143 246)	(63 303)
Leave pay	44 880	40 757
Balance at beginning of year	40 757	12 291
Provisions raised during the year	11 053	30 417
Payments made during the year	(6 930)	(1 951)
Environmental compliance	5 000	9 469
Balance at beginning of year	9 469	9 469
Provisions utilised during the year	(4 469)	—
Transfer to disposal groups held-for-sale	(291)	—
	128 081	125 143
19 OVERDRAFTS		
Owing at end of year	584 472	579 719
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 (2017: US\$97,5 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 1,93% (2017: 0,42%). The overdraft is guaranteed by the holding company.		
20 REVENUE		
Revenue comprises:		
Sales of mining and beneficiated products	6 301 946	5 941 992
Commissions on sales and technical fees	979 005	920 055
Investment income	520 146	353 512
Interest received	502 368	349 322
Dividends received from available-for-sale investments	17 778	4 190
Other	3 640	8 400
	7 804 737	7 223 959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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	2018 R'000	2017 R'000
21 FINANCE COSTS		
Paid and accrued on:		
Unwinding of discount on provisions (refer note 15)	6 559	7 659
Overdraft facilities	12 835	12 003
	19 394	19 662
22 PROFIT BEFORE TAXATION		
Profit before tax is stated after taking into account the following items of income and expenditure:		
Income		
Foreign exchange gains	59 827	11 779
– realised	19 809	11 228
– unrealised	40 018	551
Profit on disposal of property, plant and equipment	6 697	—
Expenditure		
Amortisation of intangible assets (refer note 3)	49 971	26 572
Cost of inventories written down (refer note 6)	11 334	10 860
Depreciation and impairment charges of property, plant and equipment (refer note 2)	134 755	130 484
Depreciation	125 236	130 484
– land and buildings	547	391
– plant, machinery and equipment	48 330	42 611
– vehicles	52 497	79 700
– furniture, fittings and office equipment	19 159	3 912
– mine properties	4 666	3 847
– prospecting, exploration, mine development and decommissioning assets	37	23
Impairment of furniture, fittings and office equipment	9 519	—
Impairment of non-financial assets (refer note 35.2)	21 564	—
Realised foreign exchange losses	6 896	401
Loss on disposal of property, plant and equipment	119	—
Operating lease expenses	12 320	1 213
Professional fees	56 344	21 264
Secretarial fees	604	990
Mining royalty taxes	138 938	178 148
– chrome	138 543	177 981
– other	395	167
Staff costs		
– salaries and wages (included in cost of sales)	683 997	650 626
– salaries and wages (including executive directors' emoluments)	369 012	327 264
– contributions to medical aid funds	6 660	5 336
– pension fund costs (refer note 34)	26 805	49 984

23 TAXATION

South Africa normal taxation

– current year	
– overprovision relating to prior years	
Deferred taxation	
– arising on temporary differences in current year	
Securities transfer taxation on redemption of preference dividends	
Dividend withholding tax, paid on treasury shares	
Withholding tax on management fees paid in foreign jurisdiction	

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.

Reconciliation of the taxation charge as a percentage of profit before taxation

Statutory tax rate	
Adjusted for:	
Exempt income	
Dissallowable expenditure*	
Overprovision relating to prior years	
Deferred taxation assets not recognised	
Securities transfer taxation on redemption of preference shares	
Dividend withholding tax, paid on treasury shares	
Withholding tax on management fees paid in foreign jurisdiction	
Other items	
Effective tax rate	

2018 R'000	2017 R'000
631 079	579 010
(12 230)	—
10 880	(2 709)
905	1 282
13 287	5 837
1 625	—
645 546	583 420
72 589	55 307
%	%
28,00	28,00
(1,30)	(8,41)
1,06	1,81
(0,53)	—
—	2,12
0,04	0,05
0,57	0,24
0,07	—
—	(0,21)
27,91	23,60

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

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24 EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings and headline earnings per share (cents)

Earnings per share (basic and diluted)

Headline earnings per share (basic and diluted)

The above calculations were determined using the following information:

Earnings

Profit attributable to shareholders of the holding company

Headline earnings

Earnings as above

Adjusted for:

Profit on disposal of available-for-sale listed investments

– before taxation

– taxation effect

Profit on disposal of property, plant and equipment in subsidiaries

– before taxation (refer note 22)

– taxation effect

Gain on disposal of investment in associate

– before taxation

– taxation effect

Impairment of non-financial assets in joint-venture entity

– before taxation (refer note 1)

– taxation effect

Impairment of furniture, fittings and office equipment

– before taxation (refer note 2)

– taxation effect

Impairment of non-financial assets

– before taxation (refer note 35.2)

– taxation effect

Loss on disposal of property, plant and equipment in joint-venture entity

– before taxation

– taxation effect

Impairment of Dwarsrivier upon sale in joint-venture entity

Bargain purchase gain (Dwarsrivier) (refer note 35.1)

Shares in issue

Weighted number of ordinary shares in issue ('000)

Ordinary shares in issue

Treasury shares held in trust

Weighted average number of shares in issue for the year

2018	2017
4 963	4 867
4 953	5 049
R'000	R'000
5 119 329	5 021 171
5 119 329	5 021 171
(42 432)	—
(42 432)	—
—	—
(5 105)	—
(6 578)	—
1 473	—
(5 835)	—
(8 104)	—
2 269	—
18 684	70 414
25 950	96 501
(7 266)	(26 087)
6 854	—
9 519	—
(2 665)	—
15 526	—
21 564	—
(6 038)	—
1 731	1 202
2 230	1 670
(499)	(468)
—	373 014
—	(256 755)
5 108 752	5 209 046
139 607	139 607
(36 456)	(36 430)
103 151	103 177

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25 DIVIDENDS

Dividends declared during the year

Final dividend No 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017

Interim dividend No 122 of 1,000 cents (2017: 600 cents) per share – declared on 20 February 2018

Total dividend for the year

Less: Dividends attributable to treasury shares

Per share (cents)

Dividends relating to the activities of the group for the year under review

Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018

Final dividend No 123 of 1 200 cents (2017: 800 cents) per share – declared on 5 September 2018

Less: Dividends attributable to treasury shares

Per share (cents)

26 NOTES TO THE STATEMENT OF CASH FLOW

26.1 Cash generated from operations

Profit before taxation

Adjusted for:

– interest received

– dividends received

– bargain purchase gain (refer note 35.1)

– net profit on disposal of property, plant and equipment

– net foreign exchange gains

– cost of inventories written down

– depreciation of property, plant and equipment

– amortisation of intangible assets

– impairment of property, plant and equipment

– impairment of non-financial assets

– gain on disposal of investment in associate

– profit on sale of available-for-sale listed investments

– finance costs

– movements in long-term provisions

– cash-settled share-based payment charges

2018 R'000	2017 R'000
1 116 856	698 035
1 396 070	837 642
2 512 926	1 535 677
(656 207)	(400 400)
1 856 719	1 135 277
1 800	1 100
1 396 070	837 642
1 675 284	1 116 856
(800 800)	(510 020)
2 270 554	1 444 478
2 200	1 400
2 312 472	2 472 277
(502 368)	(349 322)
(17 778)	(4 190)
—	(256 755)
(6 578)	—
(52 931)	(11 378)
11 334	10 860
125 236	130 484
49 971	26 572
9 519	—
21 564	—
(8 104)	—
(42 432)	—
19 394	19 662
38 963	49 618
10 271	1 463
1 968 533	2 089 291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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	2018 R'000	2017 R'000
26 NOTES TO THE STATEMENT OF CASH FLOW (continued)		
26.2 Movements in working capital		
Movement in inventories	(138 922)	270 070
Movement in foreign currency translation	15 583	(69 621)
Movement in trade and other receivables	(117 995)	(454 375)
Movement in trade and other payables	747 333	399 573
Payments against short-term provisions	(150 176)	(33 659)
	355 823	111 988
26.3 Finance costs		
Finance costs per income statement	(19 394)	(19 662)
Unwinding of discount on environmental obligations	6 559	7 659
	(12 835)	(12 003)
26.4 Taxation paid		
Unpaid at beginning of year	(72 532)	(39 348)
Charged to the income statement	(645 546)	(583 420)
Movement in deferred taxation	10 880	(2 709)
Unpaid at end of year	24 059	72 532
	(683 139)	(552 945)
26.5 Dividends paid to shareholders of the holding company		
Unpaid at beginning of year	(3 112)	(2 623)
Declared during the year (refer note 25)	(2 512 926)	(1 535 677)
Dividends attributable to treasury shares (refer note 25)	656 207	400 400
Unpaid at end of year included in other payables	4 307	3 112
	(1 855 524)	(1 134 788)

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.

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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.

	2018 R'000	2017 R'000
Cash resources	8 449 797	5 626 778
Trade receivables	585 526	825 334
– local	226 196	128 343
– foreign	359 330	696 991
Other receivables (refer note 7)	636 801	278 998
	9 672 124	6 731 110

	2018 Carrying amount of receivables not impaired R'000	2017 Carrying amount of receivables not impaired R'000
Trade receivables	585 526	825 334
Not past due, not impaired (refer note 7)	555 207	790 788
Past due, not impaired as considered recoverable	30 319	34 546
Other receivables	636 801	278 998
Not past due, not impaired	1 222 327	1 104 332

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 (refer note 31). 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 bear interest at a rate linked to LIBOR. At year-end, the facility was US\$97,5 million (2017: US\$97,5 million), of which US\$42 600 000 (2017: US\$44 500 000) was utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

27 FINANCIAL RISK MANAGEMENT (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:

	Contracted maturity date					
	Carrying amount	Total expected cash flows	Less than 4 months	Between 4 and 12 months	Between 1 and 5 years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
2018						
Financial assets						
Listed and unlisted investments [#]	269 571	269 571	—	—	—	269 571
Long-term loan	6 000	6 000	—	—	6 000	—
Trade and other receivables	1 222 327	1 222 327	1 222 327	—	—	—
Cash resources	8 449 797	8 449 797	8 449 797	—	—	—
	9 947 695	9 947 695	9 672 124	—	6 000	269 571
Financial liabilities						
Trade and other payables	2 039 587	2 039 587	2 039 587	—	—	—
Overdrafts	584 472	584 472	584 472	—	—	—
Guarantees	359 797	359 797	359 797	—	—	—
	2 983 856	2 983 856	2 983 856	—	—	—
2017						
Financial assets						
Listed and unlisted investments [#]	253 474	253 474	—	—	—	253 474
Trade and other receivables	1 104 332	1 104 332	1 104 332	—	—	—
Cash resources	5 626 778	5 626 778	5 626 778	—	—	—
	6 984 584	6 984 584	6 731 110	—	—	253 474
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	—	—	—

[#]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 rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to members of the Executive Committee on a weekly basis, and forecasts against budget are prepared for the entire group on a monthly basis.

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27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Market risk (continued)

27.3.1 Interest rate risk

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

	2018 R'000	2017 R'000
Variable rate instruments		
Liabilities		
Overdrafts (refer note 19)	584 472	579 719
Assets		
Cash resources (refer note 9)	7 763 797	2 127 249

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 R25 845 000 (2017: R5 571 000). 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" below).

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

	2018 R'000	2017 R'000
Foreign receivables included in trade receivables		
– US dollar denominated	359 330	696 991
Foreign overdraft (refer note 19)		
– US dollar denominated	584 472	579 719
Total exposure at year-end	943 802	1 276 710

Foreign currency sensitivity analysis

A 5% strengthening of the rand against the US dollar would have decreased profit or loss for the year by R33 976 000 (2017: R45 962 000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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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 (2017: 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:

	2018		2017	
	Foreign currency amount US\$'000	Presentation currency notional amount R'000	Foreign currency amount US\$'000	Presentation currency notional amount R'000
Purchase contracts				
US dollar	42 700	585 844	35 900	475 958
Sales contracts				
US dollar	58 500	802 620	58 900	780 889

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 R262,0 million (2017: R229,0 million). A decrease of 1% on the relevant market index would have an impact of approximately R2,6 million (2017: R2,3 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
2018				
Financial assets				
Listed and unlisted investments	269 571	—		269 571
Long-term loan	—	6 000		6 000
Trade and other receivables	—	1 222 327		1 222 327
Cash resources	—	8 449 797		8 449 797
	269 571	9 678 124		9 947 695
Financial liabilities				
Trade and other payables			2 039 587	2 039 587
Overdrafts			584 472	584 472
			2 624 059	2 624 059

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
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

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:

	2018 R'000	2017 R'000
Recurring fair value measurements		
Assets measured at fair value		
Available-for-sale listed investments	262 003	229 376
Available-for-sale unlisted investments	7 568	24 098
	269 571	253 474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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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:

	2018 R'000	2017 R'000
Capital		
Expenditure authorised and contracted for	229 906	—
Expenditure authorised but not contracted for	102 583	101 164
	332 469	101 164
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	1 310	1 230
After one year but not more than five years	3 149	1 737
The group's commitments will be met by future anticipated cash flows	4 459	2 967
31 CONTINGENT LIABILITIES		
Guarantees issued		
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)	70 660	71 261
Performance guarantees issued to third parties by subsidiary companies	21 244	26 101
Financial guarantee issued to third party by subsidiary company	87 893	30 000
	359 797	307 362

* 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.

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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 commodity mined and, where applicable, beneficiated at various works operations.

Accordingly, this segment is further analysed as follows:

- iron ore (Iron Ore division);
- manganese ore and alloys (Manganese division); 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

Dwarsrivier is a 100% owned mine, producer and beneficiator of chrome ores.

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 Development Company Proprietary Limited, Zeerust Chrome Mines Limited (both on care and maintenance), 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. These adjustments were previously disclosed separately.

	Joint venture mining and beneficiation				Other mining activities, eliminations and adjustments			
R'000	Iron Ore division	Manganese division	Chrome division	Sub-total	Dwarsrivier	Marketing and distribution		Total
Year to 30 June 2018								
Revenues								
Third party	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 974 210	(28 237 486)	7 804 737
Inter-segment	—	—	—	—	—	18 305	(18 305)	—
Total revenues	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Contribution to profit/(loss) for the year*	3 343 512	3 771 662	(41 650)	7 073 524	875 378	703 879	(6 985 855)	1 666 926
Contribution to headline earnings [#]	3 343 350	3 807 585	(41 650)	7 109 285	875 378	710 733	(3 586 644)	5 108 752
Impairment of financial and non-financial assets	—	(51 900)	—	(51 900)	—	(9 519)	12 490	(48 929)
Statement of financial position								
Consolidated total assets	23 149 661	17 988 956	524 319	41 662 936	3 884 794	25 300 630	(41 475 033)	29 373 327
Consolidated total liabilities	6 076 881	3 190 147	426 352	9 693 380	1 071 744	1 859 703	(9 301 862)	3 322 965
Other information								
Finance income	578 044	19 471	—	597 515	87 554	407 224	(572 147)	520 146
Finance costs	33 855	34 191	—	68 046	5 304	12 474	(66 430)	19 394
Depreciation and amortisation	1 400 776	593 768	8 287	2 002 831	130 794	16 066	(2 024 455)	125 236
Taxation	1 431 656	1 489 299	—	2 920 955	277 438	317 189	(2 870 036)	645 546
Capital expenditure	1 780 830	1 285 846	15 528	3 082 204	333 804	32 971	(3 044 858)	404 121

* Profit after taxation, before joint-venture entity and foreign listed associate.

[#] Includes equity-accounted results of Assmang and IronRidge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

32 SEGMENTAL INFORMATION (continued) Other mining and beneficiation (continued)

R'000	Joint venture mining and beneficiation			Sub-total	Marketing and distribution	Other mining and beneficiation	Adjustments arising on consolidation	Total
	Iron Ore division	Manganese division	Chrome division					
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.

Geographical information

Geographical segment by location of customers

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

	2018			2017		
	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 location						
Far East	19 960 513	3 352 102	23 312 615	20 155 728	3 070 845	23 226 573
Europe	2 507 924	77 110	2 585 034	1 583 640	40 191	1 623 831
USA	976 274	2 740 625	3 716 899	550 246	2 421 439	2 971 685
South Africa	4 625 716	1 634 900	6 260 616	3 946 475	1 486 862	5 433 337
Other – foreign	104 834	—	104 834	43 929	204 622	248 551
Total	28 175 261	7 804 737	35 979 998	26 280 018	7 223 959	33 503 977

Notes:

1. There are no customers whose off-take represents more than 10% of revenue (2017: Rnil 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: *Joint arrangements*.

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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:

African Mining and Trust Company Limited (AMT)	Subsidiary company
African Rainbow Minerals (ARM)	Joint-venture partner
Assmang Limited (Assmang)	Joint-venture entity
Assore Employee Trust (AET)	Empowerment entity
Boleng Trust (Boleng)	Empowerment entity
Ceramox Proprietary Limited (Ceramox)	Subsidiary company
Dakot Wear Ceramic Proprietary Limited (Dakot) 40%	Associate
Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier)	Subsidiary company
ERF Parkview Extension 1 Proprietary Limited (Parkview)	Subsidiary company
Erven 27 & 28 Proprietary Limited (Erven 27 & 28)	Subsidiary company
Erven 40 & 41 Proprietary Limited (Erven 40 & 41)	Subsidiary company
Fricker Road Trust (Fricker)	Empowerment entity
General Nominees Proprietary Limited (General Nominees)	Subsidiary company
Group Line Projects Proprietary Limited (GroupLine)	Subsidiary company
IronRidge Resources (IronRidge) 28.91% (2017: 29.90%)	Associate
Krantzberg Mines Proprietary Limited	Subsidiary company
Main Street 350 Proprietary Limited (Main Street 350)	Empowerment entity
Main Street 460 Proprietary Limited (Main Street 460)	Empowerment entity
Main Street 904 Proprietary Limited (Main Street 904)	Empowerment entity
Minerais Holdings Proprietary Limited (Minerais Holdings)	Subsidiary company
Minerais U.S. LLC (shareholding: 51% (2017: 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% (2017: 56%) (Rustenburg Minerals))	Subsidiary company
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company
Wonderstone Limited (Wonderstone)	Subsidiary company
Wonderstone 1937 Limited (Wonderstone 1937)	Subsidiary company
Xertech Proprietary Limited (Xertech)	Subsidiary company
Zeerust Chrome Mines Proprietary Limited (Zeerust)	Subsidiary company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

33 RELATED-PARTY TRANSACTIONS (continued)

33.1 Details of transactions with related parties

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

		2018 R'000	2017 R'000
AMT	Commissions received from Assmang	433 140	427 189
	Management fees received from Dwarsrivier	18 000	6 540
	Management fee received from fellow subsidiaries	375	375
Assore Employee Trust	Dividend received from Main Street 904	33 400	20 411
Boleng Trust	Trickle dividend received from Main Street 350	6 095	2 500
	Dividend received from Fricker Road Trust	20 000	8 000
Fricker Road Trust	Dividend received from Main Street 904	34 183	21 823
Main Street 350	Dividend received from Assore Limited	82 234	50 254
	Dividend received from Main Street 460	276 606	169 037
Main Street 460	Dividend received from Assore Limited	276 606	169 037
Main Street 904	Dividend received from Assore Limited	296 360	181 109
Minerais U.S. LLC	Commissions received from Assmang	22 401	20 720
Minerais Holdings	Dividend received from Minerais U.S. LLC	54 300	5 810
Ore & Metal	Commissions received from Assmang	491 016	467 717
	Commissions received from Dwarsrivier	135 415	114 371
	Dividend received from Minerais Holdings	39 900	5 810
Sumitomo	Commissions paid by Ore & Metal	204 412	204 794
Key management personnel		2 724	2 365
– holding company	Directors' fees		
– subsidiary companies	Remuneration (including executive directors)	178 694	191 343
	Post-employment benefits	12 914	12 173
Amounts payable to/receivable from related parties at end of the year			
ARM	Amounts receivable from Ore & Metal	12 517	2 245
AMT	Amounts receivable from Ore & Metal	196 555	462 033
Dwarsrivier	Amounts receivable from Ore & Metal	695	11 443
Main Street 904	Preference dividend payable to Assore	642 288	606 850
Minerais U.S. LLC	Amounts payable to Ore & Metal	115 959	99 433
Ore & Metal	Amounts payable to Assmang	537 132	671 737
Sumitomo	Amounts receivable from Ore & Metal	18 576	13 159
33.2.1 Subsidiary with a material non-controlling interest			
Minerais U.S. LLC (Minerais) a limited liability company registered in the state of New Jersey in the United States and Canada. Minerais is responsible for the marketing and sales administration of the group's products in these countries. The group holds a 51% (2017: 51%) interest in Minerais.			
Abridged income statement of Minerais U.S. LLC			
Turnover		2 400 838	2 343 631
Total comprehensive (loss)/profit (group interest therein 51% (2017: 51%))		62 120	101 315
Abridged statement of financial position of Minerais U.S. LLC			
Non-current assets		2 220	1 249
Current assets			
Inventories		738 902	682 988
Trade and other receivables		508 698	334 167
Cash resources		11 990	15 593
Total assets		1 261 810	1 033 997
Current liabilities			
Trade and other payables		485 875	276 682
Ore and Metal Agency balance		115 988	99 433
Overdrafts		584 472	579 719
Total liabilities		1 186 336	955 834
Net assets		75 474	78 163
Proportion of the group's ownership (%)		51,0	51,0
Accumulated non-controlling interest (at 49%)		40 337	38 300

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33 RELATED-PARTY TRANSACTIONS (continued)

33.1 Details of transactions with related parties (continued)

33.2.2 Subsidiary with a material non-controlling interest

Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), the principal business of which is the mining of chrome ores in the vicinity of Rustenburg, is a subsidiary of AMT. The group holds a 56% (2017: 56%) interest in Rustenburg Minerals.

	2018 R'000	2017 R'000
Abridged income statement of Rustenburg Minerals		
Turnover	—	108 349
Total comprehensive profit (group interest therein 56% (2017: 56%))	(9 116)	45 040
Abridged statement of financial position of Minerals		
Current assets		
Inventories	545	98
Trade and other receivables	259	3 133
Cash resources	273	538
Total assets	1 077	3 769
Long-term provisions	9 950	11 925
Share-based payment liability	2 907	—
Loans from group companies	181 456	156 698
Current liabilities		
Short-term provisions	250	6 553
Trade and other payables	4 293	14 518
Total liabilities	198 856	189 694
Net liabilities	(197 779)	(185 925)
Proportion of group's ownership (%)	56,0	56,0
Accumulated non-controlling interest (at 44%)	(87 023)	(81 807)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

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 (2017: R2,0 million) and the value amounted to R14,7 million (2017: R12,6 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 2017 and revealed a 121,4% funding level. An interim check was performed for funding purposes as at 1 July 2018, which revealed a 129,1% funding level (2017: 122%). The financial position of the fund at the dates of the interim funding checks is set out below:

	2018 R'000	2017 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	423 600	484 098
Current service cost	31 200	33 881
Interest cost	40 435	43 735
Actuarial gain – assumptions	(32 743)	(55 126)
Benefits paid	(27 021)	(82 988)
Benefit obligation at end of year	435 471	423 600
Movement in plan assets		
Fair value of plan assets at beginning of year	516 744	552 168
Expected return on plan assets	44 830	27 632
Actuarial loss on plan assets – experience and assumptions	(8 846)	(17 682)
Employer contributions	30 261	28 768
Employee contributions	8 748	8 846
Benefits paid	(27 021)	(82 988)
Fair value of plan assets at end of year	564 716	516 744
Net surplus at year-end per statement of financial position	129 245	93 144
Components of periodic expense		
Current service cost	31 200	33 881
Interest cost	40 435	43 735
Expected return on plan assets	(44 830)	(27 632)
Net pension cost for the year	26 805	49 984
Plan assets invested as follows:	%	%
Equity securities	60	60
Debt securities	33	33
Property	2	2
Other (cash, cash awaiting investment, bank account)	5	5
	100	100

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34 RETIREMENT BENEFIT INFORMATION (continued)

Pensions (continued)

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

	2018 R'000	2017 R'000
Due within one year	17 170	22 371
Due within two years	25 157	22 227
Due within three years	11 206	23 871
Due within four years	12 624	15 534
Due within five years	26 946	13 812
Due between six and 10 years	161 216	141 663
Due thereafter	181 152	184 122
	435 471	423 600
Expected contribution next year	33 026	28 579
Actual return on assets for the year comprises:	36 967	35 312
– expected return on plan assets for the year	49 843	32 188
– actuarial (losses)/gains on plan assets	(12 876)	3 124
	%	%
Expected return on plan assets	9,51	9,59
Post-retirement interest rate	4,48	4,22
Price inflation rate	6,41	6,87
Salary inflation rate	7,41	7,87
Pension increases	4,81	5,15

Actuarial assumptions

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

Expected return on plan assets
Post-retirement interest rate
Price inflation rate
Salary inflation rate
Pension increases

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, based on a 1% movement (increase/decrease), on the principal assumptions referred to above:

2018 Assumptions	Interest		Post-retirement		Price inflation		Salary inflation		Pension increases	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Impact on defined benefit obligation (R'000)	(34 773)	46 407	(26 689)	54 250	84 753	(53 880)	46 407	(31 047)	63 837	(30 616)
2017 Assumptions	Interest		Post-retirement		Price inflation		Salary escalation		Pension increases	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Impact on defined benefit obligation (R'000)	(36 941)	50 611	(27 514)	54 822	86 274	(49 955)	43 990	(32 182)	57 637	(28 170)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

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 were 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% Dwarsrivier "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	(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 resulted 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 were been included in the consolidated income statement, for the year to 30 June 2017:	
Revenue	3 380 466
Profit attributable to shareholders	843 199

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35 BUSINESS ACQUISITION (continued)

35.2 Disposal of interest in associate

During 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.

At 31 December 2017, management determined that the carrying value of the investment would not be recovered through its operations and accordingly the investment was impaired.

In an agreement concluded on 29 April 2018, the group secured a sale of all of its shares held in DWC for R6 000 000 payable over a period of five years, with the outstanding amount being secured by way of a special notarial bond in favour of subsidiary company Wonderstone.

	R'000
Share of loss in associate (2018)	2 087

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	1 505 303	1 506 425
Available-for-sale investments	2	262 125	229 501
Investment in foreign listed associate	3	185 537	121 953
Loans to group companies	1	4 140 886	4 518 291
Deferred taxation	4	—	20 249
		6 093 851	6 396 419
Current assets			
Other receivables	5	662 516	631 872
Cash resources	6	1 986 119	1 782 683
		2 648 635	2 414 555
Total assets		8 742 486	8 810 974
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	698	698
Share premium	8	264 092	264 092
Retained earnings		8 336 736	7 361 035
Other reserves	9	97 997	64 553
Total equity		8 699 523	7 690 378
Non-current liabilities			
Loans from group companies	1	—	1 082 027
Deferred taxation	4	23 332	—
		23 332	1 082 027
Current liabilities			
Other payables		14 425	35 343
Taxation		2 144	3 226
Amounts due to group companies	1	3 062	—
		19 631	38 569
Total equity and liabilities		8 742 486	8 810 974

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COMPANY INCOME STATEMENT

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Revenue	10	3 523 835	2 662 190
Investment income		3 523 835	3 222 898
– dividends received from joint-venture entity		3 000 000	2 810 709
– preference dividends received from empowerment entities		290 280	311 214
– interest received		216 491	97 814
– dividends received from available-for-sale listed investments		16 926	3 140
– dividends received from unlisted instruments		138	21
Profit on disposal of available-for-sale investments		42 432	—
Other income		703	—
Administrative expenses		(18 611)	(7 020)
Impairment of financial assets		(1 384)	(927)
Profit before taxation	11	3 546 975	3 214 951
Taxation	12	58 348	28 337
Profit for the year		3 488 627	3 186 614

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Profit for the year (as above)		3 488 627	3 186 614
Items that may be reclassified into the income statement dependent on the outcome of a future event		32 933	38 251
Gain on revaluation to market value/original cost of available-for-sale listed investments	2	77 024	49 292
Deferred capital gains taxation thereon		(44 091)	(11 041)
Total comprehensive income for the year, net of taxation		3 521 560	3 224 865

COMPANY STATEMENT OF CASH FLOW

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Cash generated from operating activities		881 876	963 519
Net cash generated from operating activities		3 269 001	2 427 493
Cash generated from/(utilised by) operations	14.1	13 219	(567 728)
Dividends received	14.1	3 307 344	3 125 085
Movements in working capital	14.2	(51 562)	(129 864)
Interest income		184 037	97 814
Taxation paid	14.3	(59 430)	(26 600)
Dividends paid	14.4	(2 511 732)	(1 535 188)
Cash utilised in investing activities		23 121	—
Acquisition of interest in foreign listed associate		(63 585)	—
Proceeds on disposal of available-for-sale investment		86 706	—
Cash (utilised by)/generated by financing activities		(701 561)	116 950
Preference shares redeemed		321 200	—
Repayment of inter-company loans		(1 022 761)	116 950
Cash resources			
– increase for the year		203 436	1 080 469
– at beginning of year		1 782 683	702 214
– at end of year	6	1 986 119	1 782 683

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Share capital			
Balance at beginning and end of year	7	698	698
Share premium			
Balance at beginning and end of year	8	264 092	264 092
Other reserves			
Balance at beginning of year		64 553	26 302
Other comprehensive income for the year, after taxation		33 444	38 251
Balance at end of year	9	97 997	64 553
Retained earnings			
Balance at beginning of year		7 361 035	5 710 098
Profit for the year		3 488 627	3 186 614
Ordinary dividends declared during the year			
Final dividend No 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017	13	(1 116 856)	(698 035)
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	13	(1 396 070)	(837 642)
Balance at end of year		8 336 736	7 361 035
Total equity		8 699 523	7 690 378

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2018

	2018 R'000	2017 R'000
1 INVESTMENT IN GROUP COMPANIES		
Joint-venture entity (refer below)	468 153	468 153
Subsidiary companies (refer below)	1 037 150	1 038 272
	1 505 303	1 506 425
Investment in joint-venture entity		
Assmang Proprietary Limited (Assmang)		
1 774 103 (2017: 1 774 103) ordinary shares at cost	468 153	468 153
Investment in subsidiary companies (refer note 15)		
Shares at cost	1 037 150	1 038 272
Amounts due by/(to) subsidiary companies (refer note 15)		
Loan accounts receivable	4 140 886	4 518 291
Loan accounts payable	(3 062)	(1 082 027)
Per note 15	4 137 824	3 436 264
Loan accounts receivable include cumulative redeemable preference shares in the amount of R3 547 million (2017: R3 868 million), issued to structured entities (SEs), recognised as subsidiary companies, with a coupon of 75% (2017: 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)	643 457	613 577
2 AVAILABLE-FOR-SALE INVESTMENTS		
Listed and unlisted investments at cost	157 964	319 767
Cumulative impairment charges included in profit or loss (retained earnings)	(53 526)	(170 929)
Opening balance	(170 929)	(170 929)
Reversal of impairment below cost previously recognised	117 403	—
Cumulative fair value adjustment included in other comprehensive income	157 687	80 663
Opening balance	80 663	31 246
Unlisted investments at cost	—	125
Fair value adjustment at year-end disclosed in other reserves	77 024	49 292
Fair value adjustment of remaining investment	119 456	—
Profit on sale of available-for-sale investment	(42 432)	—
	262 125	229 501
3 INVESTMENT IN FOREIGN LISTED ASSOCIATE		
81 316 667 (2017: 70 833 334) shares in IronRidge Resources Limited (IronRidge) – at cost	121 953	121 953
Balance at beginning of year	63 584	—
Acquired during the year	185 537	121 953
Balance at end of year		
The investment represents a 28,91% (2017: 29,64%) 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 a junior exploration company, with a portfolio of gold, bauxite, titanium and iron ore prospects in Africa and Australia.		

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	2018 R'000	2017 R'000
4 DEFERRED TAXATION		
Balance at beginning of year	20 249	31 290
Arising from temporary differences included in other comprehensive income		
– revaluation of available-for-sale listed investments to market value at year-end	(43 581)	(11 041)
Balance at end of year	(23 332)	20 249
5 OTHER RECEIVABLES		
Preference dividends receivable from empowerment entities	643 706	613 577
Interest on variable rate deposits received after year-end	18 469	17 832
Prepayments	341	463
	662 516	631 872
6 CASH RESOURCES		
Cash on fixed rate deposit	—	1 525 952
Variable rate deposits and current accounts	1 986 119	256 731
	1 986 119	1 782 683
7 SHARE CAPITAL		
Authorised		
200 000 000 (2017: 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 (2017: 139 607 000) ordinary shares of 0,5 cents each)	698	698
8 SHARE PREMIUM		
Balance at beginning and end of year	264 092	264 092
9 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	157 562	80 538
Less: Deferred capital gains taxation thereon	(59 565)	(15 985)
	97 997	64 553

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	2018 R'000	2017 R'000
10 REVENUE		
Revenue comprises:		
Dividends received	3 307 344	2 564 376
Interest received	216 491	97 814
	3 523 835	2 662 190
11 PROFIT BEFORE TAXATION		
Profit before taxation is stated after taking into account the following items of income and expenditure:		
Income		
Dividends received	3 307 344	3 125 085
Ordinary dividends		
– joint-venture entity	3 000 000	2 810 709
– available-for-sale investments		
– listed	16 926	3 140
– unlisted	138	21
Preference dividends received from empowerment entities	290 280	311 214
– Main Street 350 Proprietary Limited (RF)	26 475	46 763
– Main Street 904 Proprietary Limited (RF)	263 805	264 451
Interest received	216 491	97 814
Expenditure		
Directors' remuneration	194 332	193 438
– directors' fees	2 724	2 008
– other services paid by subsidiary companies	191 608	191 430

	2018 R'000	2017 R'000
12 TAXATION		
South African normal tax		
– current year	61 914	27 472
– overprovision relating to prior year	(3 566)	—
Securities transfer taxation on redemption of preference shares	—	865
	58 348	28 337
Reconciliation of the taxation charge as a percentage of profit before taxation		
Statutory tax rate	% 28,00	% 28,00
Adjusted for:		
Dividend income	(26,53)	(27,22)
Disallowable expenditure	0,18	0,10
Effective tax rate	1,65	0,88
13 DIVIDENDS		
Dividends declared during the year		
Final dividend No 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017	1 116 856	698 035
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	1 396 070	837 642
	2 512 926	1 535 677
Per share (cents)	1 800	1 100
Dividends relating to the activities of the group for the year under review		
Interim dividend No 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018	1 396 070	837 642
Final dividend No 123 of 1 200 cents (2017: 800 cents) per share – declared on 5 September 2018	1 675 284	1 116 856
	3 071 354	1 954 498
Per share (cents)	2 200	1 400

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

	2018 R'000	2017 R'000
14 NOTES TO THE STATEMENT OF CASH FLOW		
14.1 Cash utilised in operations		
Profit before taxation	3 546 975	3 214 951
Adjusted for:	(3 533 756)	(3 782 679)
– dividends received	(3 307 344)	(3 125 085)
– interest received	(184 037)	(97 814)
– impairment of non-financial assets	1 384	927
– other income	(703)	(560 707)
– profit on disposal of available-for-sale investments	(42 432)	—
– other	(624)	—
	13 219	(567 728)
14.2 Movements in working capital		
Movement in other receivables	(30 644)	(133 276)
Movement in other payables	(20 918)	3 412
	(51 562)	(129 864)
14.3 Taxation paid		
Unpaid at beginning of year	(3 226)	(1 489)
Charged to the income statement	(58 348)	(28 337)
Unpaid at end of year	2 144	3 226
	(59 430)	(26 600)
14.4 Dividends paid		
Unpaid at beginning of year	(3 112)	(2 623)
Declared during the year (refer note 13)	(2 512 926)	(1 535 677)
Unpaid at end of year	4 306	3 112
	(2 511 732)	(1 535 188)

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15 INTEREST OF THE COMPANY IN ITS SUBSIDIARY COMPANIES

Incorporated in South Africa

Ordinary shares held directly

African Mining and Trust

Company Limited

Ceramox Proprietary Limited(D)

Dwarsrivier Chrome Mine
Proprietary Limited

Erf 1263 Parkview Extension 1
Proprietary Limited

Erven 27 and 28 Illovo Proprietary Limited

Erven 40 and 41 Illovo Proprietary Limited

General Nominees Proprietary Limited(D)

Ore & Metal Company Limited

Wonderstone Limited

Xertech Proprietary Limited

Ordinary shares held indirectly

GroupLine Projects Proprietary Limited

Minerais Holdings Proprietary Limited

Minerais U.S. LLC

Rustenburg Minerals Development
Company Proprietary Limited

Wonderstone 1937 Limited(D)

Companies holding group treasury shares for empowerment entities

Main Street 350 Proprietary Limited (RF)

Main Street 460 Proprietary Limited (RF)

Main Street 904 Proprietary Limited (RF)

Companies provided against

Zeerust Chrome Mines Limited

Incorporated in Namibia

Krantzberg Mines Limited

Sub-total

Less – held indirectly

– provided against

Per note 1

Issued share capital 2018/2017 R	Direct interest in share capital 2018/2017 %	Shares at cost# 2018 R'000	Shares at cost# 2017 R'000	Amounts due from/(to) subsidiary companies 2018 R'000	Amounts due from/(to) subsidiary companies 2017 R'000
1 000 000	100	1 200	1 200	(3 062)	(486)
100	100	1	1 124	—	—
1 630 293 002	100	1 035 834	1 035 833	—	55 313
1	100	—	—	—	—
100	100	—	—	—	—
100	100	—	—	—	—
4	100	—	—	—	—
100 000	100	105	105	—	(1 078 041)
10 000	100	10	10	—	—
100	100	—	—	—	—
		1 037 150	1 038 272	(3 062)	(1 023 214)
90	100	11 913	11 913	—	—
100	100	10 887	10 887	—	42
17 756 100	51	11 418	11 418	—	—
232 143	56	232 143	232 143	—	—
45 940	100	35	35	—	—
		266 396	266 396	—	42
100	49	—	—	1 290 845	1 613 290
100	—	—	—	41	41
1 000	—	—	—	2 850 000	2 849 605
1 300 000	100	1 114	1 114	—	(3 500)
500 000	100	—	—	—	—
		1 114	1 114	4 140 886	4 459 436
		1 304 660	1 305 782	4 137 824	3 436 264
		(266 396)	(266 396)		
		(1 114)	(1 114)		
		1 037 150	1 038 272	4 137 824	3 436 264

* Represents investments of less than R1 000

(D) Dormant companies

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

16 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.

16.1 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:

	2018 R'000	2017 R'000
Loans to group companies (refer note 1)	4 140 886	4 518 291
Other receivables – local	662 516	631 873
Cash resources (refer note 6)	1 986 119	1 782 683

16 FINANCIAL RISK MANAGEMENT (continued)

16.2 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
2018						
Financial assets						
Investment in group companies [#]	1 505 303	1 505 303	—	—	—	1 505 303
Available-for-sale investments [#]	262 125	262 125	—	—	—	262 125
Loans to group companies ^{**}	4 140 886	4 140 886*	72 205	—	—	4 068 681
Other receivables	662 516	662 516	662 516	—	—	—
Cash resources	1 986 119	1 986 119	1 986 119	—	—	—
	8 556 949	8 556 949	2 720 840	—	—	5 836 109
Financial liabilities						
Loans from group companies	3 062	3 062	3 062	—	—	—
Other payables	14 425	14 425	14 425	—	—	—
Guarantees	1 335 081	1 335 081	1 335 081	—	—	—
	1 352 568	1 352 568	1 352 568	—	—	—
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
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	—	—	—
	8 668 773	8 668 773	2 495 696	—	—	6 173 077
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	—	—

[#] 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

16 FINANCIAL RISK MANAGEMENT (continued)

16.3 Market risk

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

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

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

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

	2018 R'000	2017 R'000
Variable rate instruments		
Assets		
Loan accounts receivable (refer note 1)	4 140 886	4 518 291
Cash resources (refer note 6)	1 986 119	256 731

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 R22,1 million (2017: R9,2 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 R262,0 million (2017: R229,0 million). A decrease of 1% in the market value of the investments would have an impact of approximately R2,6 million (2017: R2,3 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.

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16 FINANCIAL RISK MANAGEMENT (continued)

16.4 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
2018					
Financial assets					
Investment in group companies	—	—		1 505 303	1 505 303
Available-for-sale investments	262 125	—		—	262 125
Loans to group companies	—	4 140 886		—	4 140 886
Other receivables	—	662 516		—	662 516
Cash resources	—	1 986 119		—	1 986 119
	262 125	6 789 521		1 505 303	8 556 949
Financial liabilities					
Loans from group companies			3 062	—	3 062
Other payables			14 425	—	14 425
			17 487	—	17 487
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

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

17 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:

	2018 R'000	2017 R'000
Recurring fair value measurements, measured at level 1		
Assets measured at fair value, measure at level 1		
Available-for-sale investments	262 125	229 501
Assets and liabilities measured at amortised cost, measured at level 2		
Fair value of loans to group companies	1 075 682	1 114 367
Fair value of loans from group companies	—	762 521

18 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"). 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.

	2018 R'000	2017 R'000
19 CONTINGENT LIABILITIES		
Contingent liabilities		
Guarantee of US\$97,5 million (2017: US\$97,5 million) issued to bankers as security for facilities provided to a foreign subsidiary company	1 335 081	1 273 818
The company holds a back-to-back guarantee of R180 million (2017: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		
20 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	3 000 000	2 810 709
Preference dividends received from entities deemed to be subsidiary companies	290 280	311 214
Management fees paid to subsidiary company	185	185

ACCOUNTING POLICIES

for the year ended 30 June 2018

1 BASIS OF PREPARATION

The financial statements of the group and company are prepared on the historical cost basis, except for certain 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, No 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 7	<i>Disclosure initiative – amendments to IAS 7</i>	January 2017	The amendments to IAS 7: <i>Statement of Cash Flows</i> are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have not had a material impact on the results or disclosures of the group
IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses – amendments to IAS 12</i>	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 amendments have not had a material impact on the results or disclosures of the group.

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1 BASIS OF PREPARATION (continued)

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	Anticipated impact
IAS 19	<i>Plan Amendment, Curtailment or Settlement – amendments to IAS 19 Employee Benefits</i>	January 2019	The amendments to IAS 19: <i>Employee Benefits</i> address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. Determining the current service cost and net interest When accounting for defined benefit plans under IAS 19, the standard requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is calculated by applying the discount rate to the net defined benefit asset/liability by the discount rate, both determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to: 1. Determine current service costs for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit asset/liability reflecting the benefit offered under the plan and the plan assets after that event. 2. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit asset/liability reflecting the benefits offered under the plan and the plan assets after that event and the discount rate applied to remeasure that net defined benefit asset/liability. Effect on asset ceiling requirements A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change. The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income or loss. This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts. 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 2019.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IAS 28	<i>Long-term interests in associates and joint ventures – amendments to IAS 28</i>	January 2019	The amendments clarify that an entity applies IFRS 9: <i>Financial Instruments</i> to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests. The IASB also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28: <i>Investments in Associates and Joint Ventures</i>. 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 2019.
IFRS 2	<i>Classification and Measurements of Share-based Payment Transactions – amendments to IFRS 2</i>	January 2018	The IASB issued amendments to IFRS 2: <i>Share-Based Payment</i> in relation to the classification and measurement of share-based payment transactions. The amendments address two 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 to meet the employees' tax obligation associated with the share-based payment received. 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 employees' 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.

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9	<i>Financial Instruments</i>	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 assets Except for certain trade receivables, an entity initially measures a financial asset at its fair value. In the case of a financial asset not at measured at fair value through profit or loss (FVTPL), an entity measures the financial asset at fair value plus transaction costs. Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), based on 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 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 or loss (OCI) (without subsequent reclassification to profit or loss). Classification and measurement of 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 is required to be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk creates or enlarges an accounting mismatch in profit or loss. All other financial liabilities classified and measured in terms of IAS 39 <i>Financial Instruments: Recognition and Measurement</i> have been carried forward into IFRS 9 including the embedded derivative separation rules and the criteria for using the FVO. Impairment The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15: <i>Revenue from Contracts with Customers</i> and lease receivables under IAS 17: <i>Leases</i> or IFRS 16: <i>Leases</i>. Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 9 (continued)	<i>Financial Instruments (continued)</i>	January 2018 (continued)	Hedge accounting Hedge effectiveness testing is prospective, without the 80% to 125% “bright line” test in IAS 39, and, depending on the hedge complexity, will often be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measurable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions. The group assessed the impact of this new standard on its financial year commencing 1 July 2018. Refer item: 2 New accounting standards for details of this assessment performed.
	<i>Prepayment Features with Negative Compensation – amendments to IFRS</i>	January 2019	The amendments to IFRS 9 clarify that a financial asset passes the solely payments of principal and interest test (SPPI criterion) regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarify that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. 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 2019.
IFRS 15	<i>Revenue from Contracts with Customers</i>	January 2018	The standard outlines the principles 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.

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRS 15 (continued)	<i>Revenue from Contracts with Customers – (continued)</i>	January 2018 (continued)	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 the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The group assessed the impact of this new standard on its financial year commencing 1 July 2018. Refer item: 2 New accounting standards for details of this assessment performed.
IFRS 16	<i>Leases</i>	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) 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). Lessees will be required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately. 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 current 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 standard will be adopted in the financial year commencing 1 July 2019.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

1 BASIS OF PREPARATION (continued)

1.3 IFRS and IFRIC interpretation not yet effective (continued)

Standard	Description	Effective for financial periods commencing	Anticipated impact
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	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 transaction 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	<i>Uncertainty over Income Tax Treatments</i>	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. Key requirements The interpretation specifically addresses the following: – whether an entity considers uncertain tax treatments separately – the assumptions an entity makes about the examination of tax treatments by taxation authorities – how an entity determines taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits and tax rates – how an entity considers changes in facts and circumstances An entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. 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.
The Conceptual Framework		January 2020	The IASB issued the Conceptual Framework in March 2018, setting out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The group is in the process of determining the impact of the Conceptual Framework on its results. The Conceptual Framework will be adopted in the financial year commencing 1 July 2020.

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

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2 NEW ACCOUNTING STANDARDS

2.1 IFRS 9: *Financial Instruments* (IFRS 9)

IFRS 9 has replaced IAS 39: *Financial Instruments: Recognition and Measurement* and applies to the classification and measurement of financial assets and financial liabilities, their impairment and hedge accounting. The group plans to adopt the new standard on 1 July 2018 which is the group's effective date of adoption.

Recognition and measurement

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

Available-for-sale investments

The available-for-sale investments will be classified as financial assets measured at fair value through other comprehensive income. The impact of this is that all fair value gains and losses will not be recognised in the income statement but will remain in other comprehensive income. This represents a change from the previous treatment of gains and losses recorded on remeasurement of these investments, which required impairment losses as well as gains and losses on disposal to be recognised in the income statement. Initial and subsequent measurement will remain at fair value.

Loans (interest and non-interest-bearing)

Loans that were previously classified as loans and receivables, seeing as the business models are to collect contractual cash flow from the financial assets and the cash flows are solely payments of interest and principal amounts on specific dates, the classification will change to financial assets at amortised cost. The measurement and recognition will remain the same.

The loans and preference shares recorded in the company's separate financial statements to the special-purpose vehicles will be classified as fair value through profit or loss and will be measured at fair value initially as well as subsequently. Under IAS 39, these financial assets were subsequently measured at amortised cost.

Trade and other receivables and cash and cash equivalents

These financial assets satisfy the criteria to be classified as financial assets at amortised cost with negligible change to recognition and measurement, refer below consideration of the new expected credit loss requirements.

Borrowings (interest and non-interest-bearing)

The recognition and measurement of interest and non-interest-bearing borrowings fall within the definition of financial liabilities at amortised cost. The recognition and measurement will remain unchanged, initially measurement will be at fair value and subsequent measurement at amortised cost.

Trade and other payables

Trade and other payables will be classified as financial liabilities at amortised cost with no change to recognition and measurement.

Expected credit loss model

The group assessed at each statement of financial position date whether a financial asset or group of financial assets are impaired under IAS 39. Under IFRS 9, an expected credit loss will be accounted for all financial assets included in the scope as below:

Cash and cash equivalents

The impact of the expected credit losses on financial assets classified at amortised cost was considered by applying the general approach; however, the impact is expected to be negligible.

Trade and other receivables

The impact of the expected credit losses on financial assets classified at amortised cost was considered by applying the simplified approach, however, the impact is expected to be negligible.

Loans receivable

The impact of the expected credit loss model on receivable loan balances recorded in the consolidated statement of financial position was considered by applying the general approach, with the impact anticipated to be negligible.

Loans recorded in the company's separate financial statements are measured at fair value through profit and loss and therefore not subject to the expected credit loss model.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

2 NEW ACCOUNTING STANDARDS (continued)

2.2 IFRS 15: Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014, and amended in April 2016, and will supersede all current revenue recognition requirements under IFRS. The core principle of IFRS 15 is that an entity shall recognise revenue to fairly reflect the transfer of contracted goods or services for delivery or performance respectively to customers, measured at the amount of consideration the entity expects to be entitled to in exchange for those goods or services.

The group has elected to adopt a full retrospective approach to the adoption of IFRS 15 however, it has been determined that the impact on the reported gross profit of previous years is negligible and will therefore not require adjustment.

Sale of mining and beneficiated products

The group's revenue is primarily derived from the sale of commodity products. The timing of revenue recognition is dependent on the sales contract terms as documented in the International Commercial terms (incoterms).

In terms of IFRS 15, revenue is recognised for free-on-board (FOB) and deliver-at-place (DAP) shipments once the commodity products are loaded onto the vessel, hence no change is expected when compared to the current approach. The shipping service for all export sales shipped using the cost, insurance and freight (CIF) and cost and freight (CFR) incoterms, represents a separate performance obligation, ie the sale and shipment of goods represent two performance obligations. The primary performance obligation is the supply of the commodity products, in which instance the revenue will be recognised once the buyer takes control of the goods. The other performance obligation is the delivery of the shipping service where the revenue earned will be recognised over the period that the service is rendered.

Some of the group's sales transactions contain provisional pricing features which are considered fair value adjustments in terms of IFRS 9. IFRS 15 states that if a contract is partially within the scope of this standard and partially in the scope of another standard (IFRS 9), an entity will first apply the separation and measurement requirements of the other standard(s). Consequently, to the extent that provisional pricing features are considered to be in the scope of another standard, they will be outside the scope of IFRS 15 and the group will be required to account for these adjustments in accordance with IFRS 9.

Any subsequent changes because of differences between the initial specifications of the material sold and the agreed concluding condition of the material finally invoiced (commonly referred to as the "outturn results") will still be considered within the scope of IFRS 15 and will be subject to the constraint on estimates of variable consideration. When considering the initial revenue calculation, the group has considered the requirements of IFRS 15 in relation to the constraint on estimates of variable consideration. It will only include amounts in the calculation of revenue where it is highly probable that a significant reversal of revenue will not occur, ie there will be no significant reversal of revenue from the initial to the outturn results.

Revenue in terms of contracts with customers will be recognised when control passes to the customer and will be measured at the amount the entity expects to be entitled to, being the estimate of the price expected to be received at the end of the quotational period (QP), ie using the most recent estimate of the metal content of the commodity product (based on the initial outturn results) and the estimated forward price. The outturn result differences, as discussed above, are usually not material to the group. However, there may be a material change in the commodity price from the date control passes to the customer compared to the date of the final invoice. This movement from provisional to final price is linked to the movement in either quoted indices or what is agreed to as current pricing in the market at the time the final price is confirmed. Consistent with current practice, any subsequent changes that result in differences between initial to final outturn results will be recognised as an adjustment to revenue.

IFRS 15 requires "revenue from contracts with customers" to be disclosed separately from other types of revenue. Therefore, revenue recognised from the initial sale must be separately disclosed in the financial statements from any revenue/income recognised from subsequent movements in the fair value of the related receivable, ie the debtor. This requirement will have an impact on disclosure as the group currently recognises this "fair value adjustment" in revenue. The group will continue to recognise this "fair value adjustment" in revenue. However, the group will disclose the total value of these fair value adjustments in the note to revenue.

Revenue from technical fees and commissions on sales are recognised as the services are rendered which is on the date the control passes in the underlying transaction. The application of IFRS 15 will not result in changes to the revenue recognised arising from technical fees and commission income.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 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: *Consolidated Financial Statements* in assessing whether it controls the trusts and the SPVs, both which are structured entities (SEs) as defined in IFRS 12: *Disclosure of Interests in Other Entities*. 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, it 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 to the consolidated financial statements for the impairment on the available-for-sale investments.

3.2 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 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.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.1 Judgements (continued)

Production stripping costs (continued)

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 to the consolidated financial statements.

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 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 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 indicators 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 to the consolidated financial statements.

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4 BASIS OF CONSOLIDATION

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

4.1 Subsidiary companies

Investments in subsidiary companies are accounted for at cost less impairments in the separate company financial statements, and with subsidiary companies being consolidated as part of group financial statements. Consolidation of a subsidiary is applied when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date that the group gains control until the date that the group ceases to control the subsidiary. All intragroup assets and liabilities, equity, income and expenses and cash flows relating to these transactions between members of the group are eliminated in full on consolidation.

Non-controlling interests (NCI) represent the portion of profit or loss and equity not held by the group which are presented separately in the consolidated income statement and 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.

4.2 Joint ventures

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

The consolidated income statement and statement of comprehensive income reflect the group's share of the results of operations of joint ventures. 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.

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 from joint-venture entity, after taxation" to the consolidated income statement.

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

4 BASIS OF CONSOLIDATION (continued)

4.3 Associates

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. 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 because of one or more events during the year, the investment 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 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.

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

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.

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.

5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

5.1 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 several 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.

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5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

5.2 Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets, as incurred by the group's joint-venture entity, whose results are equity-accounted for, 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. If 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 because 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.

5.3 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.

Although not currently incurred by the group, 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 indicate by means of a pre-feasibility study that the future economic benefits are highly probable.

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

Engineering and technical activities in relation to evaluating the technical feasibility and commercial viability of Mineral Resources are treated as forming part of exploration expenditures.

Underground mine development includes all directly attributable development costs, such as drilling and blasting, ventilation installation, loading and hauling and other support structure costs, including those incurred prior to the commencement of stoping, and are capitalised when incurred.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

5 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

5.4 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. The maximum rate of depletion of any mineral right is 25 years. Mineral rights which are not being depleted are not amortised.

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. Depending on the group operations, buildings are depreciated over a minimum of 15 years, but no longer than a period of 25 years.

Mine and industrial properties are depreciated to estimated residual values at the lesser of life-of-mine and expected useful life of the asset on the straight-line basis.

Plant, machinery and equipment

Mining plant, machinery and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 25 years (being the remaining life of the mine), and the units-of-production method based on estimated proven and probable ore reserves. Where ore reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant, machinery and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

Vehicles

Vehicles are depreciated on the straight-line basis. The annual depreciation rates used vary between five and nine years.

Furniture and fittings

Furniture and fittings are depreciated on the straight-line basis. The annual depreciation rates used vary between three and 10 years.

Office equipment

Office equipment is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

Computer hardware

Computer hardware is depreciated on the straight-line basis. The annual depreciation rates used vary between two and 11 years.

Computer software

Computer software is depreciated on the straight-line basis. The annual depreciation rates 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 tonnes 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 3.1 Depreciation based on units of production) once it has been determined that these other phases of mining will be undertaken.

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6 INTANGIBLE ASSETS

Intangible assets other than goodwill

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

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

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

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

7 BUSINESS COMBINATIONS

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

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

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

8 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated. A previously recognised impairment loss is reversed only if there has been a change in the 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.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

9 NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups (the assets) are classified as held-for-sale if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use.

This condition will only be regarded as met if, among others, the assets are available-for-sale in their present condition and the sale transaction is highly probable.

For a sale transaction to be highly probable, management must be committed to a plan to sell the assets, an active programme to locate a buyer to complete the plan must have been initiated, and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification as held-for-sale.

Non-current assets and disposal groups held for sale are measured at the lower of their previous carrying amounts and the fair values less costs to sell and is ceased to be depreciated from the date of classification as held-for-sale.

None of the group's non-current assets or disposal groups held-for-sale in management's view met the definition of discontinued operations at the reporting period, as the assets:

- did not represent either a separate major line of business or a geographical area of operations; or
- were part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- were a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

10 FINANCIAL INSTRUMENTS

10.1 Recognition and measurement

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

Available-for-sale investments

All investments are initially recognised at fair value, including acquisition charges associated with the investment. After initial recognition, available-for-sale investments are subsequently 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 reclassified to 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.

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10 FINANCIAL INSTRUMENTS (continued)

10.1 Recognition and measurement (continued)

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 and non-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 and non-interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

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

10.2 Derivative financial instruments and hedging

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

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

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

10.3 Derecognition of financial assets and liabilities

Financial assets

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

Financial liabilities

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

10.4 Offsetting of financial instruments

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

10 FINANCIAL INSTRUMENTS (continued)

10.5 Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred in respect of a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (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 investment, 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.

11 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.

12 FOREIGN CURRENCY TRANSLATION

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

12.1 Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the 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.

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12 FOREIGN CURRENCY TRANSLATION (continued)

12.2 Foreign entities

The assets and liabilities of subsidiaries with a different functional currency are translated at the rate of exchange ruling at the statement of financial position date. The income statements of these subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are reclassified in the income statement as a component of the gain or loss on disposal.

13 ENVIRONMENTAL REHABILITATION EXPENDITURE

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

13.1 Decommissioning costs

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

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

13.2 Restoration costs

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

13.3 Ongoing rehabilitation costs

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

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

14 TREASURY SHARES

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

15 TAXATION

15.1 Current taxation

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

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

15 TAXATION (continued)

15.2 Deferred taxation

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, and unused tax assets and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax assets and unused tax losses carried forward can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

15.3 Value added taxation (VAT)

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

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

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

15.4 Mining royalty taxation

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

15.5 Dividend withholding tax

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.

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16 PROVISIONS

Provisions are recognised when:

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

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

17 REVENUE

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

Sale of mining and beneficiated products

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

Technical fees and commissions on sales

Revenue from technical fees are recognised as the service is rendered. Commission on sales is recognised when the risks and rewards of the underlying sales transaction passes.

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.

18 SHARE-BASED PAYMENT TRANSACTIONS

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

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Monte Carlo valuation technique. 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.

19 POST-EMPLOYMENT BENEFITS

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

Past-service costs are recognised in the income statement on the earlier of:

- the date of the plan amendment or curtailment; or
- the date that the group recognises restructuring-related costs.

The net interest cost is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation in the income statements:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest cost.

ACCOUNTING POLICIES continued

for the year ended 30 June 2018

19 POST-EMPLOYMENT BENEFITS (continued)

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.

20 CONTINGENT LIABILITIES

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

21 DEFINITIONS

Earnings and headline earnings per share

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

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with Circular 4/2018 issued by the South African Institute of Chartered Accountants. Adjustments against earnings are made after considering 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.

Incoterms

Incoterms (international commercial terms) is a set of standardised export pricing terms developed by the International Chamber of Commerce (ICC) and which is endorsed by the United Nations Commission on International Trade Law (UNCITRAL).

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)[#]
 CE Walters (Chief executive officer)
 RA Davies (Chief financial officer)
 PE Sacco (Group marketing director)
 BH van Aswegen (Technical and operations director)^o

NON-EXECUTIVE DIRECTORS

EM Southey (Deputy chairman and lead independent director)^{†**}
 DN Aitken[†]
 TN Mgoduso^{†o}
 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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 Johannesburg, 2196

Norton Rose Fullbright
 15 Alice Lane
 Sandton, 2196

BANKERS

The Standard Bank of South Africa Limited
 30 Baker Street
 Rosebank, Johannesburg, 2196

CORPORATE INFORMATION

Assore Limited
 Incorporated in the Republic of South Africa
 Company registration number: 1950/037394/06
 Share code: ASR
 ISIN: ZAE000146932

SPONSOR

The Standard Bank of South Africa Limited
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