

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

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