Evraz Highveld Steel and Vanadium Limited
(Incorporated in the Republic of South Africa)
(Registration No: 1960/001900/06)
Share code: EHS ISIN: ZAE000146171
("the Company" or "the Group")

GROUP UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

Chairman and CEO's Review

- Net loss R519 million (September YTD 2013: loss R222 million)
- EBITDA loss R262 million (September YTD 2013: profit R93 million)

1. Safety

The Lost Time Injury Frequency Rate increased to 3.0 in Q3 2014 from 2.0 in Q2 2014. YTD is 2.4. The number of Lost Time Injuries increased to 8 in Q3 2014 from 5 in Q2 2014. YTD is 18. Total number of injuries increased to 63 in Q3 2014 from 51 in Q2 2014. YTD is 179.

Safety is a high priority for the company and safety concerns will thus be addressed as a matter of urgency.

2. Key Financials

The operating loss for the 2014 period was R483 million, compared to a loss of R149 million for the same period in 2013, mainly attributed to increased maintenance costs, poor rolling mill yields and SEIFSA strike action in July that affected the company's ability to dispatch material. The EBITDA for the period was a negative of R262 million, compared to a R93 million profit for the same period in 2013.

During the nine month period in 2014, sales revenue of R4 444 million was up by 8.9% and reflected higher average market prices compared to the same period in 2013. Revenue from sale of goods increased to R4 438 million, compared to R4 078 million for the previous period. This increase in revenue is as a result of favourable steel product pricing.

Domestic demand remains steady for our structural range of products, whilst demand for flat products has decreased, especially in the plate market. Production operations are still recovering from the adverse effects of operational challenges in the first half of the year. The Company continues to utilise a credit line from shareholders that is committed to 31 December 2014. Significant progress is being made to secure commercial funding.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. The Board believes that the Company remains a going concern, taking cognisance of any matters that may cast doubt about the ability of the Company to continue as a going concern and its ability to realise its assets and discharge its liabilities in the ordinary course of business.

3. Operations

Mining

Production of lump ore increased by 3.74% from 1 131 920 to 1 173 705 tons for the period when compared to the same period in 2013, and fines ore increased by 3.64% from 506 333 to 524 655 tons for the nine month period. Output stabilised in the third quarter as a result of a plant maintenance shut down in Q 1 and increased ongoing maintenance effort.

In addition to the strip mining operations, commercial large scale pit mining has also commenced in the second quarter of 2014 and it is showing to be beneficial to the overall operating performance.

Steel

Iron output increased by 4.2% to 497 713 tons for the nine-month period compared to the previous year, mainly due to improved plant efficiencies. Steel output decreased by 3.84% from 478 707 tons for the nine-month period in 2013 to 460 683 tons for the same period in 2014, primarily due to operational problems experienced in the Steel Plant. The planned replacement of the BOF water cooled hoods in Q1 2015 is expected to improve plant production volumes.

Production of long products increased by 3.94% to 158 121 tons during H1 2014, compared to 152

113 for the 2013 period, due to an improved order book and supply of cast steel to the mill. Production of flat products decreased by 5.9% from 233 082 to 219 402 tons for the period. The reduction in performance was due to lack of cast steel slabs.

Vanadium

A total 40 667 tons of vanadium slag was produced containing 5 097 tons V for the period, compared to 36 892 tons slag containing 5 012 tons V for the same period last year. Vanadium Yield improved by 1.34% compared to the same period last year.

4. Markets

Global and local markets

The global economy continues to show little sign of supporting a strong recovery in the global steel market and will remain weak into 2015. International pricing has started to soften and Far East producers have significantly lowered pricing in Q3 with price offers into the domestic market falling by as much as 5.0%. Reports indicate a likely global steel demand increase by 2.0% in 2015.

Following the various instances of industrial action and constrained power supply seen during 2014 to date, South African GDP forecasts for 2014 have been revised to 1.5%. The trend of the weak Rand seen in H1 2014 has continued during Q3 and this has supported the shift in market purchasing trends from imports to domestic supply during this period.

Evraz Highveld Sales

Steel sales volumes increased by 3.0% from 381 075 tons for the 2013 period to 392 566 tons for the same period in 2014.

The Steel and Engineering Industries Federation of South Africa (SEIFSA) strike during Q3 further compounded weak domestic sales seen YTD 2014 and as a result domestic steel sales decreased by 11.7% from 367 893 to 324 995 tons for the period, while export steel sales volumes increased to 67 571 tons for the nine months against 13 182 tons for previous reporting period.

Ferrovanadium sales for the 2014 period remained flat at 3 609 tons V compared to 3 603 tons V for the same period in 2013. Total vanadium slag sales were 627 tons V for the period compared to 285 tons V for the 2013 year.

5. Outlook

The domestic market has shown some signs of recovering sales lost during 2014. Unfortunately, given the current slow economic growth and the pace of government infrastructure spending, the domestic steel industry is not expected to expand significantly in the near future. The industry will be further impacted by a volatile labour market, continuing difficulties with security of electricity supply and increased input costs. Dialogue between all stakeholders with regard to developmental pricing is imperative given the importance of steel in the economy of South Africa.

Global steel markets will continue to be under pressure during the last quarter of 2014 as the market struggles with overcapacity and over supply, prices are predicted to soften slightly during the remainder of 2014 and a marked recovery in global steel demand is not expected for 2015.

The turnaround of the Company is deemed achievable for a number of reasons, including the strategic importance of a significant proportion of its products, the dedicated low cost vanadium bearing iron ore resource base held by Mapochs Mine and the Company's unique processing capability to extract vanadium slag from the ore. The turnaround is however dependent on the urgent sourcing of capital and much needed operational skills.

The new leadership team has made significant progress with the development of a focussed turnaround strategy to return the Company to a profitable leading niche steel and vanadium producer.

B Petersen (Chairman)

IJ Burger (Chief Executive Officer)

24 November 2014

GROUP UNAUDITED FINANCIAL RESULTS

Basis of preparation
The Group's (Group includes all consolidated entities) financial results for the nine months ended 30 September 2014 set out below have been prepared in accordance with the principal accounting policies of the Group which comply with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and are consistent with those applied in the Group's most recent annual financial statements including the Standards and Interpretations as listed below.

These results are presented in terms of International Accounting Standards (IAS) 34 applicable to Interim Financial Reporting.

The unaudited financial statements were prepared under the going concern basis.

The Group incurred a net loss of R519 for the nine month period during 2014, (2013: loss R222 million).

Domestic demand remains steady for our structural range of products, whilst demand for flat products has decreased, especially in the plate market. Production operations are still recovering from the adverse effects of operational challenges in the first half of the year. The Company continues to utilise a credit line from shareholders that is committed to 31 December 2014. Significant progress is being made to secure commercial funding.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. The Board believes that the Company remains a going concern, taking cognisance of any matters that may cast doubt about the ability of the Company to continue as a going concern and its ability to realise its assets and discharge its liabilities in the ordinary course of business.

Significant accounting policies

i) The Group has adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2014. These Standards had no impact on the results or disclosures of the Group.
  - IAS 32, Amended - Offsetting financial assets and financial liabilities (effective from 1 January 2014);
  - IFRS 10, IFRS 12 and IAS 27, Amended - Investment entities (effective from 1 January 2014);
  - IFRIC 21, Levies (effective from 1 January 2014);
  - IAS 36, Amended - Recoverable amount disclosures for non-financial assets (effective from 1 January 2014);
  - IAS 39, Amended - Novation of derivatives and continuation of hedge accounting (effective from 1 January 2014)

ii) The following Standards, amendments to the Standards and Interpretations, effective in future accounting periods have not been adopted in these financial statements:
  - IFRS 9, Financial instruments - classification and measurement (1 January 2015 effective date has been deferred until the issue date of the completed version of IFRS 9 is known);
  - IFRS 9 and IFRS 7, Amended - Mandatory effective date and transition disclosures (IFRS 9 effective date deferred, IFRS 7 depends on when IFRS 9 is adopted);
  - IFRS 14, Regulatory deferral accounts (effective from 1 January 2016);
  - IAS 19, Amended - Defined benefit plans: employee contributions (effective from 1 July 2014);
  - Improvements to IFRS – issued December 2013 (effective from 1 July 2014).

This abridged report was prepared under supervision of the Financial Director, Mr Valery Borisov.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited as at 30 Sept 2014 Rm	Reviewed as at 31 Dec 2013 Rm
ASSETS			
Non-current assets		1 662	1 723
Property, plant and equipment		1 558	1 621
Restricted cash	14	42	40
Deferred tax asset	5	62	62
Current assets		2 081	1 865
Inventories		980	1 059
Trade and other receivables and prepayments	6	733	522
Income tax receivable		1	2
Cash and short-term deposits		367	282
TOTAL ASSETS		3 743	3 588
EQUITY AND LIABILITIES			
Total equity		955	1 461
Non-current liabilities		783	757
Interest-bearing loans and borrowings	7	11	11
Provisions		772	746
Current liabilities		2 005	1 370
Trade and other payables		1 543	935
Interest-bearing loans and borrowings	7	332	304
Income tax payable		-	-
Provisions		130	131
TOTAL EQUITY AND LIABILITIES		3 743	3 588
Net cash		66	7
Net asset value - cents per share		963	1 474

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Revenue		1 245	1 215	4 444	4 081	5 192
Sale of goods		1 243	1 214	4 438	4 078	5 190
Cost of sales		(1 331)	(1 274)	(4 503)	(3 855)	(4 990)
Gross (loss)/profit	8	(88)	(60)	(65)	223	200
Other operating income	9	33	2	57	28	77
Selling and distribution costs		(68)	(63)	(232)	(190)	(273)
Administrative expenses		(80)	(59)	(212)	(181)	(242)
Other operating expenses	9	(9)	(14)	(31)	(25)	(55)
Operating loss		(212)	(194)	(483)	(145)	(293)
Finance costs		(14)	(18)	(42)	(55)	(69)
Finance income		2	1	6	3	2
Loss before tax		(224)	(211)	(519)	(197)	(360)
Income tax credit/(expense)	10	7	(1)	*	(25)	(19)
Loss for the period/year		(217)	(212)	(519)	(222)	(379)
(*)Less than R1 million.						
		Cents	Cents	Cents	Cents	Cents
Loss per share - basic and diluted		(219.2)	(213.9)	(523.4)	(224.0)	(382.2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Loss for the period/year	(217)	(212)	(519)	(222)	(379)
Other comprehensive income:					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(1)	17	1	105	104
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain on defined benefit plan, net of tax	-	-	-	-	12
Total comprehensive loss for the period/year	(218)	(195)	(518)	(117)	(263)
	Cents	Cents	Cents	Cents	Cents
Comprehensive loss per share - basic and diluted	(220.2)	(196.8)	(522.4)	(118.1)	(265.3)

HEADLINE EARNINGS PER SHARE

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Reconciliation of headline loss					
Loss for the period/year	(217)	(212)	(519)	(222)	(379)
(Deduct)/add after tax effect of:					
(Profit)/loss on disposal and scrapping of property, plant and equipment	1	*	1	*	5
Headline loss	(216)	(212)	(518)	(222)	(374)
(*)Less than R1 million.					
	Cents	Cents	Cents	Cents	Cents
Loss per share - headline and diluted	(217.9)	(213.9)	(522.4)	(224.0)	(377.2)
	Million	Million	Million	Million	Million
Number of shares					
Ordinary shares in issue as at reporting date *†	99.2	99.2	99.2	99.2	99.2

(*)Rounded to nearest hundred thousand.

(†)Agree to weighted average and diluted number of ordinary shares.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital and share premium	Other reserves	Retained earnings	Total

	Note	Rm	Rm	Rm	Rm
2013					
Balance at 1 January 2013 - Reviewed(#)		585	264	860	1 709
Profit for the period				30	30
Other comprehensive income for the quarter			47		47
Share-based payment reserve	11		3		3
Balance at 31 March 2013 - Unaudited		585	314	890	1 789
Loss for the period				(40)	(40)
Other comprehensive income for the quarter			41		41
Share-based payment reserve	11		3		3
Balance at 30 June 2013 - Unaudited		585	358	850	1 793
Loss for the period				(212)	(212)
Other comprehensive income for the quarter			17		17
Share-based payment reserve	11		3		3
Balance at 30 September 2013 - Unaudited		585	378	638	1 601
Loss for the period				(157)	(157)
Other comprehensive loss for the quarter			(1)		(1)
Actuarial gain on defined benefit plan				12	12
Share-based payment reserve	11		6		6
Balance at 31 December 2013 - Reviewed		585	383	493	1 461
2014					
Balance at 1 January 2014- Reviewed		585	383	493	1 461
Loss for the period				(105)	(105)
Other comprehensive income for the quarter			8		8
Share-based payment reserve	11		4		4
Balance at 31 March 2014 - Unaudited		585	395	388	1 368
Loss for the period				(197)	(197)
Other comprehensive loss for the quarter			(6)		(6)
Share-based payment reserve	11		4		4
Balance at 30 June 2014 - Unaudited		585	393	191	1 169
Loss for the period				(217)	(217)
Other comprehensive loss for the quarter			(1)		(1)
Share-based payment reserve	11		4		4
Balance at 30 September 2014 - Unaudited		585	396	(26)	955

(#)Restated

	Unaudited for the three months ended 30 Sept 2014 Cents	Unaudited for the three months ended ni 30 Sept 2013 Cents	Unaudited for the ine months ended 30 Sept 2014 Cents	Unaudited for the nine months ended 30 Sept 2013 Cents	Reviewed for the year ended 31 Dec 2013 Cents
Dividends per share					
Dividends declared and paid	-	-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Cash flows from operating activities					
Loss before tax	(224)	(211)	(519)	(197)	(360)
Non-cash items	113	87	388	227	419
Net movement in working capital	175	19	343	(310)	(385)
Net interest received/(paid)	1	(7)	4	(22)	(28)
Income tax paid	-	(1)	(1)	(3)	(4)
Net cash generated by/(used in) operating activities	65	(113)	215	(305)	(358)
Cash flows from investing activities					
Proceeds from sale and scrapping of property, plant and equipment	1	*	2	1	3
Additions to property, plant and equipment	(33)	(37)	(130)	(105)	(140)
Net cash used in investing activities	(32)	(37)	(128)	(104)	(137)
Cash flows from financing activities					
(Decrease) / increase in long-term interest-bearing loans and borrowings	-	-	-	-	(6)
(Decrease)/increase in short-term interest-bearing loans and borrowings	-	(97)	-	186	204
Net cash (repaid)/generated by financing activities	-	(97)	-	186	198
Net increase/(decrease) in cash and cash equivalents	33	(247)	87	(223)	(297)
Cash and cash equivalents at the beginning of the					

period/year	335	630	282	527	527
Cash transferred to restricted cash	*	(31)	(1)	(31)	(40)
Effects of exchange rate changes on cash held in foreign currencies	(1)	27	(1)	106	92
Cash and cash equivalents at the end of the period/year	367	379	367	379	282

* Less than R1 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Companies Act and JSE Limited Listings Requirements

Compliance with the Companies Act, No 71 of 2008, as well as the Listings Requirements of the JSE Limited has been maintained throughout the reporting periods.

2 Related party transactions

Sales to East Metals A.G. (a fellow subsidiary) amounted to R302 million (September 2013 YTD: R168 million) for the 9 months ended 30 September 2014. This constitutes 7% of total revenue for the period, compared to 4% for the period ended 30 September 2013. During 2013 a loan was received from East Metals A.G., a related party, amounting to R 332 million (December 2013: R304 million) which is repayable by 31 December 2014 and interest is charged at market rate. Technical services (slag tolling agreement) and other services with EVRAZ Vametco Alloys Proprietary Limited (a fellow subsidiary) amounted to R30 million for the 9 months ended September 2014 (September 2013 YTD: R50 million).

3 Segment information

The Group is organized into business units based on their products and has two reportable segments as follows:

Steelworks

The major products of the steel segment are magnetite iron ore, structural steel, plate and coil.

Vanadium

The major products of the vanadium segment are vanadium slag and ferrovanadium. Vanadium slag is a by-product from the steelmaking process, and this slag is transferred from the steelworks to the vanadium plant, which then forms the input into the business of the vanadium business.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

The following tables present the revenue, operating (loss)/profit and total assets information regarding the Group's operating segments:

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Revenue from customers					
Steelworks	1 017	942	3 501	3 162	4 022
Vanadium	312	348	1 208	1 151	1 487
Elimination in intersegmental revenue	(86)	(76)	(271)	(235)	(319)
Total	1 243	1 214	4 438	4 078	5 190

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
Operating (loss)/profit					
Steelworks	(245)	(237)	(640)	(328)	(545)
Vanadium	33	43	157	183	252
Total	(212)	(194)	(483)	(145)	(293)

	Unaudited as at 30 Sept 2014 Rm	Reviewed as at 31 Dec 2013 Rm
Total assets		
Steelworks	3 454	3 143
Vanadium	289	445
Total	3 743	3 588

4 Supplementary revenue information - Unaudited

		For the three months ended 30 Sept 2014	For the three months ended 30 Sept 2013	For the nine months ended 30 Sept 2014	For the nine months ended 30 Sept 2013	For the year ended 31 Dec 2013
Sales volumes of major products						
Total steel	Tons	109 044	113 976	392 566	380 872	486 706
Ferrovanadium	Tons V	1 001	1 228	3 609	3 603	4 827
Modified vanadium oxide	Tons V	20	48	72	133	143
Nitrovan	Tons V	0	20	331	371	398
Vanadium slag	Tons V	252	93	627	285	386

Ore fines	Tons	143 691	149 981	480 547	502 303	650 418
Weighted average selling prices achieved for major products						
Total steel	US$/t	663	708	662	738	718
Ferrovanadium	US$/kg V	24	25	25	27	27
Modified vanadium oxide	US$/kg V	17	19	23	20	19
Nitrovan	US$/kg V	0	24	25	28	28
Vanadium slag	US$/kg V	7	8	8	9	9
Ore fines	US$/t	50	23	32	33	30
Average R/$ exchange rate		10.77	9.99	10.72	9.48	9.65

5 Deferred tax asset

In light of the Company's own financial performance and the uncertainty of future taxable profits to account against its deferred tax asset, management concluded, following due assessment, that it was prudent to impair its deferred tax asset as at 31 December 2013 (R195 million) to the extent that it exceeded the deferred taxation liability. Whilst the taxable income forecast for the Company is based on its most favourable outlook scenario, the current assessed tax loss implies that it will take many years before the Company is in a position to utilise the tax assets as at 31 December 2013. Following the impairment, a zero balance for deferred taxation is disclosed for the Company. No reversal of the 2012 impairment was considered necessary as at 31 December 2013. The deferred tax asset position remained the same at 30 September 2014 as at 31 December 2013.

6 Trade and other receivables and prepayments

The increase in comparison to 31 December 2013 can mainly be attributed to increased sales volumes on local steel, improved production and an increase in Vanadium slag sales.

7 Interest-bearing loans and borrowings

The long-term borrowings of R11 million (2013: R11 million) consist of the loan due by Umnotho Iron and Vanadium Proprietary Limited payable to Umnotho weSizwe Group Proprietary Limited. This loan has no fixed repayment terms and interest is charged at prime rate. The short-term borrowings consists of a Dollar-denominated loan from East Metals A.G. (a related party) which is payable by 31 December 2014, and carries interest at market rate.

8 Gross (loss)/ profit

The decline in gross profit is mainly attributable to higher production costs in 9m 2014, driven largely by an increase in maintenance spend. A significant increase in export sales volumes in 9m 2014 compared to 9m 2013 also contributed to the lower gross profit, as export sales attract a lower margin compared to local sales. The SEIFSA industrial action also had a significant impact on 9m 2014 sales volumes.

9 Other operating income and expenses

The R33 million other operating income for the three months ended 30 September 2014 includes sundry income of R33 million and the R 9 million other operating expense includes insurance of R 6 million and loss on disposal of fixed assets of R 1 million. The Q3 2013 other operating income of R2 million includes inventory stock count and inventory net realisable value adjustments of R2 million and the R14 million other operating expense includes foreign exchange losses of R12 million.

10 Income tax

	Unaudited for the three months ended 30 Sept 2014 Rm	Unaudited for the three months ended 30 Sept 2013 Rm	Unaudited for the nine months ended 30 Sept 2014 Rm	Unaudited for the nine months ended 30 Sept 2013 Rm	Reviewed for the year ended 31 Dec 2013 Rm
South African					
Deferred					
Current	-	-	-	14	18
Non-South African					
Normal					
Current	(7)	1	*	11	1
Income tax (credit)/expense	(7)	1	*	25	19

The period income tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax income of the interim report.

11 Share-based payment reserve

Certain key management personnel participate in a Long Term Incentive Plan (LTIP) over shares in EVRAZ plc. The shares are traded on the London Stock Exchange. The vesting of the shares occur on the 90th day following the announcement of EVRAZ plc financial results. The cost of the LTIP award will be settled in equity by EVRAZ plc. The amount recognized according to IFRS 2 in 2014 is R12 million (2013 year: R15 million).

12 Guarantees

As required by the Mineral and Petroleum Resources Development Act No.28 of 2002 (the MPRDA), a guarantee amounting to R370 million (2013: R370 million) was issued on 1 September 2013 in favour of the Department of Mineral Resources (DMR) for the unscheduled closure of Mapochs Mine.

As required by certain suppliers of the Group, guarantees were issued in favour of these suppliers to the value of R8 million (2013: R8 million) in the event the Group will not be able to meet its obligations to the supplier.

13 Contingent liabilities

In terms of the Group's employment policies, certain employees could become eligible for post-retirement medical aid benefits at any time in the future prior to their retirement subject to certain conditions. The potential liability for the Group, as at 31 December 2013, should they become medical scheme members in the future is R14 million before tax and R10 million after tax.

On 5 June 2008, the Commission initiated a complaint against the Company for an alleged contravention of section 4(1)(b)(i) of the Competition Act, No. 89 of 1998 (the Competition Act). The allegations against the Company are that it fixed prices and trading conditions for flat and long steel products. In a letter from the Commission dated 18 September 2009, the

Commission confirmed that it would not be pursuing a case of collusion in the long steel market against the Company. On 30 March 2012 the Commission referred the complaints relating to the flat steel market to the Competition Tribunal for prosecution. The allegations against the Company contained in the Commission's complaint referral are that the Company fixed prices and trading conditions for flat steel products, and divided markets in respect of flat steel products, which are contraventions of sections 4(1)(b)(i) and 4(1)(b)(ii) of the Competition Act respectively. It is further alleged in the Commission's complaint referral that the Company has contravened sections 4(1)(b)(i) and 4(1)(b)(ii), alternatively section 4(1)(a), of the Competition Act by engaging in the exchange of information with a competitor through information exchanges and meetings of the SAISI or its committees. Should the Competition Commission be successful, it could impose a maximum penalty of R554 million against the Company.

14 Restricted cash

The restricted cash disclosed as a non-current asset consist of R34 million paid to an insurance company as guarantee to the Department of Mineral Resources (DMR) for the Mapochs Mine environmental rehabilitation obligation. An amount of R8 million is deposited with a commercial bank as security for guarantees issued to two supplier companies. Interest on both amounts are earned at money market rates.

15 Subsequent events

There are no events to be reported on since 30 September 2014.

DIRECTORS: B Petersen (Chairman), I J Burger (Chief Executive Officer), M Bhabha,
V Borisov (Russian), A P Maralack, T Mosololi, D Ščuka (Czech), P S Tatyanin (Russian),
T I Yanbukhtin (Russian)

Company Secretary: Ms A Weststrate

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Sponsor

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