



22 September 2008

**International Ferro Metals Limited
("IFL" or the "Company")**

Annual results for the year ended 30 June 2008

International Ferro Metals Limited (LSE: IFL), the integrated ferrochrome producer, presents its full year results for the year ended 30 June 2008.

Record earnings, maiden dividend and significant resource upgrade

- First full year production of 205,607 tonnes of ferrochrome
- Steady state operations achieved by year end
- Ferrochrome prices up 92% to US\$1.92/lb over the period
- Revenue increased 944% to ZAR1.9bn (£131m)
- EBITDA of ZAR727m (£49m)
- Strong balance sheet with ZAR972m (£61m) of cash and no debt
- Board considering share buyback
- Chromite resources increased from 73.5m tonnes to 126m tonnes
- Maiden dividend of 1 pence per share payable on 3 November 2008

Highlights for FY 2008

	H1 2008	H2 2008	FY 2008	FY 2007	Y on Y % change
FeCr production	93,317	112,290	205,607	49,370	316%
	ZAR'000	ZAR'000	ZAR'000	ZAR'000	
Total Revenue	367,252	1,552,144	1,919,396	183,863	944%
Cost of goods sold	(349,595)	(841,331)	(1,190,926)	(168,006)	609%
EBITDA	14,520	712,207	726,727	(255,285)	n/a
Net profit/(loss) after tax	(23,858)	602,040	578,182	(344,269)	n/a
Net Operating Cashflow	(236,234)	487,491	251,257	(204,787)	n/a
EPS (cents per share)	(4.54)	118.59	114.05	(82.78)	n/a
DPS	-	£0.01	£0.01	-	n/a

Stephen Turner, Chief Executive commented:

"These results reflect a successful first full year of ferrochrome production resulting in record earnings and a maiden dividend. Strong cash flows have resulted in the Board's decision to evaluate the benefits of utilising part of the Company's existing cash resources to acquire its shares in the market. Shareholders should note however that at present there is no commitment to buy back shares.

"Despite electricity constraints, our growth profile remains robust with production expected to increase by over 10% to 267,000 tonnes of charge chrome per annum from July 2009 following the commissioning of our off-gas power generation plant. We have completed the SkyChrome underground feasibility study which has resulted in a 72% increase of total resources to 126 million tonnes and our new 1.8 million tonne per year beneficiation plant is due to be commissioned in November 2009. With tight cost control, increasing production and no debt, IFL is well positioned to benefit from the strong demand for ferrochrome."

The full published accounts for the financial year ended 30 June 2008 will be posted to shareholders on the 15th October 2008, and will be available on the Company's web site, www.ifml.com.

There will be a presentation to analysts of the full year results on Monday 22 September at 9.00am UK time at 16 Lindoln's Inn Fields, London WC2A 3ED.

For further information please visit www.ifml.com or contact:

International Ferro Metals Limited

Stephen Turner, Chief Executive Officer
Mob: +61 418 440 844

David Kovarsky, Managing Director
Mob: +27 826 501 192

Brunswick Group

Patrick Handley / Carole Cable
Tel: +44 (0) 20 7404 5959

Notes to editors:

International Ferro Metals produces ferrochrome, the essential ingredient in stainless steel, from its integrated chromite mine and ferrochrome processing operations in South Africa, supplying 3.5% of the world's ferrochrome to the global stainless steel industry. International Ferro Metals is listed on the London Stock Exchange under the symbol IFL.

Forward looking statements

This announcement contains certain forward looking statements which by nature, contain risk and uncertainty because they relate to future events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

Chairman's Statement

The Company has now completed its first full year of production at its Buffelsfontein ferrochrome facility, a project which it built ahead of schedule and on budget. As is usual, the ramp-up period, which took place in the first half of the year, included some teething problems and the Company's technical personnel encountered a number of well documented challenges. In addition, during the year, ESKOM, South Africa's electricity supplier, encountered generating failures and announced significant cutbacks in the provision of electricity to industry.

Despite these difficulties, IFL achieved full ramp-up, adjusted for the lower electricity availability, and produced 205,607 tonnes of ferrochrome in the financial year, including ferrochrome contained in slag. This represents 77% of the Company's rated production capacity of 267,000 tonnes.

During the year the Company commissioned the design of a co-generation facility which will harness the off-gases from its furnaces to generate power. This is a cost-effective and environmentally friendly facility which we expect will provide sufficient power to make up for the ESKOM reduction currently being experienced. Construction of this project has commenced and it is expected to deliver 12% more power by July 2009.

Additional drilling increased chromite resources from 73.5 million tonnes to 126 million tonnes. This 72% increase provides the Company with sufficient resources to feed an expanded five furnace configuration for over 45 years.

The Company has brought production on stream in a propitious period in the history of the ferrochrome industry. Strong demand from the stainless steel producers is reflected in robust ferrochrome prices. This has allowed the Company to achieve a maiden profit after tax of ZAR578million (EPS ZAR1.14) and to declare a maiden dividend of 1 pence per share.

The outlook for next year is positive. IFL expects materially higher production at Buffelsfontein, the commencement of mining operations at SkyChrome and a continuation of strong marketing conditions in ferrochrome. As announced last year, the Company plans to expand its production facility to 665,000 tonnes per year by constructing an additional three furnaces, together with ancillary plants. While the Company has been assured by ESKOM that it is in a good position to obtain the necessary power without extensive delay, based on an earlier contract and payment for power lines and a sub-station, uncertainty over electricity supply has forced management to reassess its expansion plans.

Until the electricity supply situation is clarified the Company's expansion plans will consist of the following. It will construct the beneficiation plant which is expected to provide an additional 1.8 million tonnes of beneficiated ore from December next year and will construct a co-generation plant. The co-generation plant will provide electricity that should provide for an additional 27,000 tonnes of ferrochrome production per annum. The plan also consists of completing a study into the feasibility of pre-reducing the furnace feed, a process that utilises pulverised coal and significantly reduces the amount of electricity required to produce ferrochrome.

In the meantime, the Company's cash position at year end of ZAR972 million, with no debt, and its substantial generation of free cash, afford it the financial strength to fund for its expansion strategy and seek acquisition opportunities at a time when general access by companies to external funding is constrained by events in the global financial industry.

Operational Review

Production

	H1 2008	H2 2008	FY 2008	FY 2007	% Change 2007-2008
Ferrochrome production (tonnes)	93,317	112,290	205,607	49,370	+316%

During production ramp-up in the first half of the year, the Company experienced technical problems which were promptly overcome and which were reported during the year. The replacement of the pressure rings hampered production in the first half of the year, while the second half of the year was marred by the disruptions caused as a result of the national energy shortage in South Africa.

Production increased in the second half of the year when the ramp-up period was complete and steady state output levels had been achieved.

An area of focus for the year ahead will be the optimisation of the new Skychrome resource and its integration with the current plant expansion.

Costs

IFL's costs remain in the lowest quartile amongst international producers, due to the fact that all our furnaces are closed and that the Lesedi mine, from which the furnaces derive their feed, is adjacent to the ferrochrome operations. The major cost drivers have been, and will remain, coke, mine labour and electricity. The commissioning of the co-generation plant at the beginning of the 2010 financial year is expected to reduce fixed costs and electricity costs per unit produced.

In the year under review cost inflation was offset by increasing production volumes. However, maintaining costs in an inflationary environment, has been and will continue to be a challenge and a key focus for management.

Growth projects

As stated in the past the expansion plan is to build an additional three furnaces which requires electricity from Eskom. However there is uncertainty as to Eskom's timing of supply of electricity. In the mean time our initial expansion plan consists of increasing mine production, construction of an additional beneficiation plant, a co-generation plant and installation of additional technology to the existing facility, all of which will allow us to significantly increase ferro chrome production.

SRK's feasibility study into Skychrome indicates that the Company should increase chromite production by 300% over the coming eighteen months from a combination of the expansion of the current Lesedi mine operation and the current open pit mining operation at Buffelsfontein, together with both new open pit and underground mines at Skychrome. The planned increase in chromite extraction is from 720,000 tonnes per year to 3,120,000 tonnes per year.

In July 2008, IFL reported on the proposed staged expansion of our integrated production facility. The plans for the first stage are on track. This initial stage entails expansion of IFL's mining operations and construction of the 1.8 million tonnes per year capacity beneficiation plant. This stage began in May 2008 with the commencement of the second decline at the Lesedi mine. Construction of the new beneficiation plant commenced in August 2008. Management believe that Stage 1 can be developed within the current available electricity supply constraints.

The expanded mine is producing and the new beneficiation plant is scheduled to come into production in December 2009. IFL intends to sell surplus chromite arising from this phase of the expansion to the export market.

Exploration

The Company's chromite resource has increased over the year by 72% to 126 million tonnes. This would be sufficient to feed an expanded five furnace (665,000 tonne per annum of ferrochrome) facility for over forty five years.

The consolidated Mineral Resource and Mineral Reserve Statement for IFL is presented below and is deemed by SRK Consulting to be correct at 30 June 2008. The mineral resources and mineral reserves presented below are those directly attributable to IFL, after deduction of the minority interests in IFL's subsidiaries.

The terms and definitions used to present the statement of mineral resources are those given in the SAMREC Code of 2007. The mineral resources as presented below are inclusive of the declared mineral reserves and classified according to the SAMREC Code.

Mineral Resource and Mineral Reserve Statement attributable to IFL as at 30 June 2008

Mineral Reserves				Mineral Resources (Geological Losses Applied)			
	Tonnage (kt)	Cr ₂ O ₃ (%)	Cr:Fe ratio		Tonnage (kt)	Cr ₂ O ₃ (%)	Cr:Fe ratio
PROVED:				MEASURED:			
Lesedi				Lesedi			
				MG3	4,950	34.93	1.25
				MG2T	2,173	37.26	1.36
MG2 ⁽¹⁾	6,933	28.05	1.36	MG2B	5,448	38.67	1.37
MG1	3,950	35.61	1.49	MG1	6,182	40.50	1.49
Sky Chrome				Sky Chrome			
				MG2T	323	28.77	1.21
				MG2B_2	152	28.73	1.18
				MG2B	850	26.96	1.14
				MG1	1,022	27.18	1.20
PROBABLE				INDICATED			
Lesedi				Lesedi			
				MG3	1,220	34.46	1.19
				MG2T	580	37.31	1.36
MG2 ⁽¹⁾	2,142	28.03	1.37	MG2B	1,467	38.55	1.38
MG1	831	35.80	1.49	MG1	1,926	40.66	1.49
Sky Chrome				Sky Chrome			
				MG2T	15,082	26.73	1.16
				MG2B_2	3,227	30.04	1.22
				MG2B	29,410	29.87	1.21
				MG1	28,535	34.20	1.40
Proved & Probable Reserves	13,856	30.66	1.41	Measured & Indicated Resources	102,546	32.49	1.29
				INFERRED			
				Lesedi			
				MG3	1,882	34.38	1.18
				MG2T	827	37.23	1.36
				MG2B	2,004	38.51	1.38
				MG1	2,713	40.67	1.50
				Sky Chrome			
				MG2T	2,996	29.31	1.22
				MG2B_2	739	28.89	1.20
				MG2B	5,888	33.49	1.29
				MG1	6,435	36.14	1.44
				Inferred Resources	23,482	35.00	1.34
Total Reserves	13,856	30.66	1.41	Total Resources	126,028	32.96	1.30

1: Tonnages and grades for the MG2 include the parting between the MG2B and MG2T reefs.

The information in this report that relates to Exploration Results is based on information compiled by SRK Consulting under the supervision of Mr HG Waldeck (Pr Eng), V Simposya (Pr Sci Nat), and M Wanless (Pr Sci Nat). All Competent persons have sufficient experience which is relevant

to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined by the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". SRK consents to the report being issued in the form and context in which it appears.

Electricity update

The power crisis in early January 2008 had a serious impact on all industry in South Africa. In 2007, IFL contracted for the installation of electricity generators to capture waste gas from its furnaces. The motivation at that time was the environmental credentials of the project and the resulting carbon credits. This project will abate approximately 136,000 tonnes of carbon emissions per annum, generating an estimated annual income stream from sale of Carbon Emission Reductions (Carbon Credits) under the Kyoto framework of €2.6 million at current prices.

This electricity from the off-gas generation plant will help to resolve the longer-term issue of Eskom's industry wide enforced operation at 90% of contractual electricity supply. From July 2009, the Company expects that over 12% of its electricity requirements will be met from this environmentally friendly, low cost source. The first of these generators are expected to be delivered in December 2008.

While the availability of power has delayed the full expansion programme, the Company remains confident that Eskom will, in due course, be in a position to honour its commitment to provide its contracted 150% increase in electricity supply.

Management changes

The management team was strengthened in July 2008 with the appointment of Hannes Visser and Willie Bester as General Manager Operations and Manager Operations respectively. Three more senior employees joined soon after Hannes and Willie. These appointments have already had a positive impact and, due to a more stable operating environment, record production has been established. The new team were previously employed by Herculite Ferrochrome where they were part of the team responsible for its expansion from a greenfield operation into the third largest South African ferrochrome producer.

Safety, Health, Environment and Community

The safety of its employees is of great importance to IFL, and IFL achieved excellent safety and health performance during the year. IFL's Lost Time Injury rate of 1.51, based on a 12 month rolling average is well below the industry average of 5.02. Similarly, our Disabling Injury Incidence Rate, again based on a 12 month rolling average, of 0.19 is significantly below the industry average of 0.38.

Regarding the environment, the Company's performance has also been exemplary. The two major environmental issues facing the ferrochrome industry are general particulate emissions and hexavalent chrome generation. On both of these IFL's emissions are lower than industry averages. IFL's daily average particulate matter emission is 0.034mg/m³ compared to a limit of 0.075mg/m³, and because of the technology deployed, it has been measured that no hexavalent chrome is generated.

Black Economic Empowerment

IFL embraces the objectives of transformation and empowerment and, following the South African Government's promulgation of the Mineral and Petroleum Resources Development Act (MPRDA), is working diligently to convert its mining rights as required.

Market review

Fuelled by stainless steel production, the demand for ferrochrome continues to grow. The chrome content of ferrochrome represents approximately 18% of stainless steel, and there is no substitute. The ferrochrome industry continues to benefit from the conversion trend from austenitic to ferritic stainless steel production. These factors caused the ferrochrome price to increase from US\$1.00/lb in the first quarter of the reviewed year, to US\$1.92/lb in the fourth quarter. The quoted price for the September 2009 quarter is currently US\$2.05/lb.

Interruptions in supply during the year and slower than anticipated global production growth, largely as a result of power constraints in South Africa, have also impacted the market, with the ferrochrome supply estimated to remain tight. Given the continued rise in demand and sustained supply constraints the outlook for prices remains robust. IFL's ability to increase its supply, initially even without additional electricity from Eskom, should ensure the Company's increasing share of the global market.

The three most prominent commentators on the ferrochrome market, Heinz Pariser Research, Metal Bulletin Research and CRU International have each forecast ferrochrome prices increasing over each of the next 2 years.

Financial Review

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

There has been no change to accounting policies over the reporting period.

The below results covers International Ferro Metals Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008. The functional currency of each entity in the Group and the presentation currency of the Group is South African Rand ("ZAR"). The amounts contained in the financial statements for the year ended 30 June 2008 have been rounded to the nearest ZAR1,000 (where rounding is applicable).

Income Statement

	H1 2008 ZAR'000	H2 2008 ZAR'000	FY 2008 ZAR'000	FY 2007 ZAR'000
Total Revenue	367,252	1,552,144	1,919,396	183,863
Cost of goods sold	(349,595)	(841,331)	(1,190,926)	(168,006)
Operating margin	5%	46%	38%	9%
EBITDA	14,520	712,207	726,727	(255,285)
PBT	(23,858)	654,217	630,359	(344,269)
Taxation	-	(52,177)	(52,177)	-
Net profit/(loss) after tax	(23,858)	602,040	578,182	(344,269)
Net Operating Cashflow	(236,234)	487,491	251,257	(204,787)
EPS (cents per share)	(4.54)	-	114.05	(82.78)
Weighted average number of shares ('000)	500,527	-	520,734	413,265
DPS (pence)	-	1	1	-

Group revenue increased by ZAR1,736 million, or 944%, to ZAR1,919 million (FY2007: ZAR183 million) during the period. The major contributors to this growth were:

- the ramp-up of the Company's production from 49,370 tonnes to 205,607 tonnes;
- the increase in the average ferrochrome prices from US78c/lb in FY2007 to US128c/lb in FY2008 driven by the growth in Stainless Steel in China; and
- the ZAR0.11 weaker Rand/US Dollar average exchange rate over the financial year (ZAR7.20/US Dollar in FY2007 compared with ZAR7.31/US Dollar in FY2008).

Cost of sales per chrome unit increased from US64c/lb in FY2007 to US65c/lb, excluding head office overheads and share based payments. Significant price increases were experienced for coke and electricity. In the year under review cost inflation was offset by increasing production volumes. However, maintaining costs in an inflationary environment has been and will continue to be a challenge and a key focus for management.

Despite these increases, gross profit increased from ZAR15.9 million in FY2007 to ZAR728 million in FY2008. Cash flow from operations increased by ZAR456 million during the year, of which ZAR487 million represents the cash generated over the second 6 months of the year.

EBITDA moved from a loss of ZAR255 million in FY2007, to a profit of ZAR727 million for the period under review.

The net increase in administration and other expenses reflects the increased staff required following ramp up of operations and the Company's move to the Main board of the LSE. All options issued to service and finance providers have been extinguished, resulting in a gain of approximately ZAR6 million (because the options were valued at a higher amount at close of the prior year). The Group recognised a foreign exchange profit of R109 million that arose primarily from its foreign denominated cash holdings.

Finance income of ZAR44 million is a function of the large cash balances held by the Group over the financial year. Interest expense reduced by ZAR10 million due to early settlement of project debt.

The Group recognised deferred tax for the first time. This is attributable to profits of the group being offset against losses incurred in previous financial years, and unredeemed capital expenditure. The unredeemed capital expenditure is estimated at ZAR1.1 billion at 30 June 2008.

Headline earnings increased from a loss of ZAR344m to a profit of ZAR578m which translates into an increase in earnings per share from a loss of 82.78 cents (5.81pence) to a profit of 114.05 cents per share (7.79pence).

Dividend

The Company's intention to pay dividends is subject to the financial capacity of the company and any future debt covenants of the banking parties for the plant expansion. The Company's dividend policy takes into account the profitability of the business and underlying earnings growth, its capital requirements for ongoing operations and expansion, as well as its cashflows, while maintaining an appropriate level of dividend cover.

The Board of directors has resolved to declare a maiden dividend of 1p per share, which will be paid in sterling to shareholders on the register as at 3 October 2008. The amount to be paid is estimated to be around ZAR73 million (£5m), and was covered by approximately 8 times FY2008 headline earnings. The ex dividend date will be 1 October 2008 and estimated payment date will be 3 November 2008.

Cash Flow

	H1 2008	H2 2008	FY 2008	FY 2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Net cash flows from operating activities	(236,234)	487,491	251,257	(204,787)
Net cash flows from investing activities	(3,204)	(36,497)	(39,701)	(536,674)
Net cash flows from financing activities	526,479	80,735	607,214	710,378
Net increase / (decrease) in cash held	287,041	531,729	818,770	(31,083)
Cash at the beginning of the financial year	43,929	341,721	43,929	85,348
Effects of exchange rate changes on cash	10,751	98,740	109,491	(10,335)
Cash and cash equivalents at the end of the year	341,721	972,190	972,190	43,929

Cash generated from operations increased by ZAR456 million during the year of which ZAR487 million represents the cash generated over the past 6 months.

The key features over the year are as follows:

- The Company raised ZAR1,196 million (£85.2million) before costs in equity capital for expansion ahead of the Company's move to the main Board of the London Stock Exchange. The Company received ZAR38 million from the exercise of share options.
- The Company financed all increases in working capital through cash generated from its operations.
- Amortisation and depreciation increased by ZAR21 million, from ZAR33 million in FY2007 to ZAR54 million in FY2008.
- In September 2007, the Company optimised its cash management by repaying its outstanding debt of ZAR833 million. The Group may raise additional debt financing as required ahead of its planned expansion programme.

The equity capital raised, combined with the strong cash generated from operations of ZAR251 million, resulted in the Group attaining a net cash position of ZAR972 million at year end and no bank debt.

IFL has continued its programme of organic growth projects and IFL expects to see the benefits flowing through in its attributable earnings and cash flow. Although substantial capital will be required to finance the current expansion plans, the Board believes that IFL's existing cash position, together with cash generated from ongoing operations and indicative debt proposals, will prove to be sufficient to fund these plans.

Balance Sheet

IFL has a strong balance sheet with ZAR2,762 million in shareholders' equity.

The balance sheet key features and movements from FY2007 to FY2008 are explained as follows:

- The increase in property, plant and equipment is attributable to capital work in progress for mine development, plant and machinery and capital expenditure relating to the co-generation plant.
- Net Current assets, excluding Cash and Cash equivalents and Derivatives increased by ZAR251 million largely owing to the building up of the working capital pipeline of inventories and receivables;
- Interest bearing borrowings of ZAR833 million have been repaid.
- All options issued to service and finance providers have been exercised or cancelled, extinguishing the Derivative Liability at year end.

Share Buy-Back

The Board is currently evaluating the benefits of utilising part of the Company's existing cash resources to acquire its shares in the market.

As IFL is incorporated in Australia, under its constitution and Division 2 of Part 2J.1 of Australia's Corporations Act 2001 (Cth) (the "Corporations Act"), IFL has the general authority to buy-back or purchase up to 10% of its issued ordinary shares (currently up to 50,756,268 shares) in the ordinary course of trading on the London Stock Exchange in a 12 month period, without the need to obtain shareholder approval.

The price to be paid by IFL for its shares will be dependent on the market price for such shares. However, the maximum price will not exceed the higher of: (a) 105% of the average of the middle market quotations for IFL's shares in the five business days immediately preceding any such buy-back or purchase being made; and (b) that stipulated by Article 5(a) of the Buy-back and Stabilisation Regulation 2003.

As required by the Corporations Act, any shares purchased by the Company must be cancelled and will not be held as treasury stock.

If a decision to proceed were to be taken by the Board, the process would commence without further announcement to the market in advance of purchase. Shareholders should note however that at present there is no commitment to buy back shares.

Directors' Declaration

In accordance with a resolution of the directors of International Ferro Metals Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards 3 and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.

On behalf of the Board

Stephen Turner
Chief Executive,
Sydney,
21 September 2008

CONSOLIDATED INCOME STATEMENT

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		ZAR'000	ZAR'000	ZAR'000	ZAR'000
Sales revenue	5 (a)	1,919,396	183,863	-	-
Management fees received	5 (a)	-	-	16,960	24,000
Cost of goods sold		(1,190,926)	(168,006)	-	-
Gross profit		<u>728,470</u>	<u>15,857</u>	<u>16,960</u>	<u>24,000</u>
Other income /expenses					
Administrative and other expenses	5 (b)	(171,837)	(107,529)	(81,447)	(8,784)
Foreign exchange gains/(losses)		109,491	(10,335)	87,432	(10,698)
Gains/(losses) on mark-to-market of derivatives	6	5,919	(176,256)	5,919	(162,127)
Net profit/(loss) before interest and tax		<u>672,043</u>	<u>(278,263)</u>	<u>28,864</u>	<u>(157,609)</u>
Finance income	9	43,898	29,766	134,449	91,388
Finance costs	9	(85,582)	(95,772)	(2)	(10,795)
Net profit/(loss) before tax		<u>630,359</u>	<u>(344,269)</u>	<u>163,311</u>	<u>(77,016)</u>
Taxation expense	10	(52,177)	-	-	-
Net profit/(loss) after tax		<u>578,182</u>	<u>(344,269)</u>	<u>163,311</u>	<u>(77,016)</u>
Attributable to:					
Minority interest	28	5,003	(2,640)	-	-
Members of the parent		<u>573,179</u>	<u>(341,629)</u>	<u>163,311</u>	<u>(77,016)</u>
		<u>578,182</u>	<u>(344,269)</u>	<u>163,311</u>	<u>(77,016)</u>
Earnings per share (cents per share)					
- basic earnings/(loss) per share	11	114.05	(82.78)	32.49	(18.66)
- diluted earnings/(loss) per share	11	114.01	(82.78)	32.48	(18.66)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Profit/(Loss) for the period	578,182	(344,269)	163,311	(77,016)
Total recognised income and expense for the period	578,182	(344,269)	163,311	(77,016)
Attributable to:				
Equity holders of the parent	573,179	(341,629)	163,311	(77,016)
Minority interest	5,003	(2,640)	-	-
	578,182	(344,269)	163,311	(77,016)

CONSOLIDATED BALANCE SHEETS

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		ZAR'000	ZAR'000	ZAR'000	ZAR'000
Current assets					
Cash and cash equivalents	13	972,190	43,929	815,396	62,582
Receivable – Inter-company	14(a)	-	-	19,127	31,628
Trade and other receivables	14(b)	462,919	33,073	239,559	127,844
Prepayments	15	13,382	4,044	686	4,044
Inventories	16	109,752	140,821	-	-
Other current assets	17	-	141,916	-	-
Total current assets		1,558,243	363,783	1,074,768	226,098
Non-current assets					
Other Financial assets	18	-	-	1,587,258	1,025,657
Property, plant & equipment	19	1,672,281	1,632,388	8,976	70,886
Other non-current assets	20	25,625	124,371	516	516
Total non-current assets		1,697,906	1,756,759	1,596,750	1,097,059
Total Assets		3,256,149	2,120,542	2,671,518	1,323,157
Current liabilities					
Trade and other payables	21	213,149	134,406	6,169	10,298
Provisions	22	100,852	23,118	27,565	13,151
Derivative liability	24	-	20,994	-	5,479
Total current liabilities		314,001	178,518	33,734	28,928
Non-current liabilities					
Interest bearing loans and borrowings	23	92,716	898,631	-	-
Deferred tax liability	10	50,602	-	-	-
Provisions	22	27,184	33,971	3,172	7,261
Derivative liability	24	-	42,432	-	42,432
Total non current liabilities		170,502	975,034	3,172	49,693
Total liabilities		484,503	1,153,552	36,906	78,621
Net assets		2,771,646	966,990	2,634,612	1,244,536
Shareholder's equity					
Contributed equity	25	2,834,412	1,607,075	2,834,412	1,607,075
Share based payment reserve	26	6,617	7,480	6,617	7,189
Accumulated losses	27	(78,036)	(651,215)	(206,417)	(369,728)
Parent entity interests		2,762,993	963,340	2,634,612	1,244,536
Minority interests	28	8,653	3,650	-	-
Total shareholders equity		2,771,646	966,990	2,634,612	1,244,536

STATEMENT OF CASH FLOWS

Note	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Cash flows from operating activities				
Receipts from customers	1,509,613	169,621	-	-
Receipts from subsidiary	-	-	16,960	24,000
Payments and advances to suppliers and employees (inclusive of goods and services tax)	(1,154,115)	(366,406)	(52,582)	(16,138)
Phantom options exercised and paid	(19,493)	-	(4,688)	-
Interest paid	(84,748)	(8,002)	-	(709)
Net cash flows from operating activities	251,257	(204,787)	(40,310)	7,153
Cash flows from investing activities				
Payments for property, plant & equipment	(83,599)	(501,954)	-	(50)
Investment in subsidiary	-	-	(500,000)	-
Acquisition of subsidiary (Purity)	-	(64,486)	-	(64,486)
Interest received	43,898	29,766	22,112	386
Net cash flows from investing activities	(39,701)	(536,674)	(477,888)	(64,150)
Cash flows from financing activities				
Proceeds from issues of shares	1,196,208	132,515	1,196,208	132,515
Proceeds from issue of options	38,251	-	38,251	-
Receipts from release of restricted cash	240,663	-	-	-
Proceeds from borrowings	800	577,863	800	-
Payment of share issue costs	(51,679)	-	(51,679)	-
Repayment of borrowings	(817,029)	-	-	-
Loans to subsidiary	-	-	-	(13,136)
Net cash flows from financing activities	607,214	710,378	1,183,580	119,379
Net increase /(decrease) in cash held	818,770	(31,083)	665,382	62,382
Cash at the beginning of the financial year	43,929	85,348	62,582	8,109
Effects of exchange rate changes on cash	109,491	(10,335)	87,432	(7,909)
Cash and cash equivalents at the end of the year	13 972,190	43,929	815,396	62,582

RECONCILIATION OF OPERATING PROFIT TO CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Profit/(Loss) from ordinary activities after income tax	578,182	(344,269)	163,311	(77,016)
Depreciation	54,684	22,978	352	187
Interest received / accrued	(43,898)	(29,766)	(22,112)	(386)
Preference dividend accrued	-	-	(112,337)	(91,002)
Foreign exchange (gain)/loss	(109,491)	10,336	(87,432)	10,698
Amortisation of debt establishment costs	-	10,849	-	10,086
(Profit)/Loss on mark-to-market of derivatives	(5,919)	176,257	(5,919)	162,127
Provision against inter-company receivable	-	-	-	(37,037)
Provision against investment in subsidiary	-	-	-	(19,000)
Share based payment expense	38,211	33,439	13,935	12,730
(Increase)/decrease in receivables	(428,274)	1,025	338	19,500
Decrease/(increase) in inventories	31,069	(140,050)	-	-
(Increase)/decrease in prepayments	(9,338)	(717)	3,358	(717)
Increase/(decrease) in payables and accruals	89,051	(39,055)	(4,129)	6,701
Increase in deferred tax liabilities	50,602	-	-	-
Increase in provisions	6,378	17,265	10,325	10,280
Increase in capitalised interest facility	-	76,921	-	-
Net cash flow from operating activities	251,257	(204,787)	(40,310)	(7,153)
Cash is represented by:				
Cash at bank	66,434	43,929	17,465	62,582
Short term deposits	905,756	-	797,931	-
	972,190	43,929	815,396	62,582

1. CORPORATE INFORMATION

International Ferro Metals Limited (“the Parent”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the London Stock Exchange, as of the 1st of September 2007. The Company previously traded on the Alternative Investment Market of the London Stock Exchange.

The financial report for the year ended 30 June 2008 was issued in accordance with a resolution of Directors on 18 September 2008.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The financial report is presented in South African Rand and all values are rounded to the nearest thousand Rand (ZAR’000) unless otherwise stated.

(b) Basis of consolidation

The Consolidated financial statements incorporate the assets and liabilities of all entities controlled by International Ferro Metals Limited at the end of the reporting period. The Company and its controlled entities together are referred to as the Group. The effects of all transactions between entities in the Group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact testing for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	These amendments are not expected to have any impact on the Group's financial report as the Group does not have on issue or expect to issue any puttable financial instruments as defined by the amendments.	1 July 2009

Adoption of new accounting standard

The Group has adopted AASB 7 *Financial Instruments; Disclosures* and all consequential amendments which become applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

(d) Revenue recognition

Revenue from the sale of ferrochrome is recognised when significant risks and rewards of the saleable product has transferred to the customer. Risks and rewards are considered passed to the customer upon delivery to the customer's control.

Interest revenue is brought to account on an accrual basis using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Receivables

Trade receivables, which are due for settlement no more than 30 days from the date of the final invoice, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for uncollectible amounts. The final invoice is issued once the product is received and final specification agreed by the customer. Collectibles of trade debtors are reviewed on an ongoing basis and a provision for non recovery is made accordingly. Debts which are known to be uncollectible are written off.

(g) Inventories

Inventories including raw materials, work in progress, consumables and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials – purchase cost assigned on a weighted average cost basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Consumables and maintenance spares are valued at purchase cost on a first-in, first out basis.

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

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.

(h) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and any impairment. The carrying value of assets is reviewed for impairment at the balance sheet date. An asset is immediately written down to its recoverable amount if the carrying value of the asset exceeds its estimated recoverable amount.

The depreciation rates per annum for each class of fixed asset are as follows:

- Property & buildings: between 3.33% and 5%
- Plant & equipment between 3.33% and 33.33%
- Motor vehicles: between 16.67% and 20%
- Furniture & fittings: 16.67%
- Computer equipment: 33.34%

Subsequent expenditure relating to an item of property, plant and equipment, that has already been recognised, is added to the carrying amount of the asset.

All assets are depreciated over their anticipated useful lives up to their residual values using a straight-line depreciation basis. These useful lives are determined on the day of capitalisation and are re-assessed annually by management.

Mineral rights that are being depleted are amortised over the estimated remaining life of mine, using the unit of production method based on proven and probable ore reserves. Land is not depreciated.

Currently the maximum life applied to components which are expected to last for the life of the plant is 29 years and the maximum residual value which has been applied to any component is 50% of the cost value.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amount.

(i) Income tax

Current 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 by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except 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.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except:

- where the amount of GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(k) Trade and other creditors

Trade and other creditors amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days.

(l) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest 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 the income statement when the liabilities are derecognised, as well as through the amortisation process.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(n) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Environmental Rehabilitation provisions:

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration is based on current legal requirements and existing technology and reassessed annually by management. The costs of the provisions do not take into account the potential proceeds from the sale of the assets at the end of their useful lives.

Decommissioning:

The discounted value of the estimated obligation to decommission, being the cost to dismantle all structures and rehabilitate the land that arose from establishing a mine or plant, is included in long term provisions. The unwinding of the obligation is included in the income statement under finance costs. The initial related decommissioning asset is recognised as part of property, plant and equipment.

Restoration:

The discounted value of the estimated obligation of restoration, being the cost to correct damages from ongoing operations, is included in long term provisions. Management reviews the estimations on an annual basis and charges any movements directly in the income statement.

Environmental rehabilitation trust funds:

Monthly payments are made to the trust in accordance with a financial policy agreement. The investment in the trusts is carried as inter-company investments in each company. The trusts are fully consolidated as IFM is the only contributor to these trusts and exercise full control via the board of trustees.

The estimated costs of rehabilitating a mine are generally included in the capital cost of the mine. Changes in estimates of the liability are dealt with on a prospective basis.

(p) Share-based payment transactions

(i) Equity settled transactions:

The Group provides benefits to employees (including directors) of the Group and other service providers or strategic equity partners in the form of share-based payment transactions, whereby employees or other parties render services or provide goods in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an option pricing method.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of International Ferro Metals Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance sheet date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Where shares are issued at a discount to fair value either by reference to the current market price or by virtue of the Group providing financing for the share purchase on favourable terms, the value of the discount is considered a share based payment.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions:

The Group also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of International Ferro Metals Limited.

The ultimate cost of these cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date.

The cumulative cost recognised until settlement is a liability and the periodic determination of this liability is as follows:

- (i) at each reporting date between grant and settlement, the fair value of the award is determined;
- (ii) during the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- (iii) from the end of the vesting period until settlement, the liability recognised is the full fair value of the liability at the reporting date; and
- (iv) all changes in the liability are recognised in profit or loss for the period.

The fair value of the liability is determined, initially and at each reporting date until it is settled. During the financial year ending 2007 a Black-Scholes option pricing model was applied. For the current financial year an option pricing model was applied, taking into account the terms and conditions on which the award was granted, and the extent to which employees have rendered service to date.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Exploration and evaluation costs

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

(s) Foreign currency transactions

The functional currency of International Ferro Metals Limited and its subsidiaries is the South African Rand (“ZAR”) as this is the currency in which Group primarily generates and expends cash. The directors have chosen ZAR, being the group’s functional currency, as being the most appropriate currency in which to present the financial statements.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(t) Feasibility expenditure

Costs incurred relating to the feasibility study are expensed as incurred until the period in which management considers that a bankable feasibility study is complete and the Company decides to continue with the project. Following this time, costs directly related to the feasibility study are deferred as a non-current asset and will be amortised over the life of the mine on a units of production basis.

(u) Financial assets

Financial assets are categorised as either loans and receivables or held-to-maturity investments. The Group determines the categorisation of its financial assets at initial recognition. Categorisation is re-evaluated at each financial year end. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

The Group classifies its financial assets in the following categories:

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method.

ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held-to-maturity, such as bonds, are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

iii) Parent entity investments

Investments in subsidiaries held by the Parent are recorded at cost.

(v) Financial liabilities

The Group classifies its financial liabilities in the following categories:

i) At fair value through profit & loss:

Options granted that are not part of a continuing share based payment relationship (i.e. there is no ongoing provision of goods and/or services - refer note 2(p) and are denominated in a currency other than the entity's functional currency, are accounted for as derivative liabilities in accordance with AASB 139: "Financial Instruments: Recognition and Measurement" and IFRIC guidelines. Such options are recorded on the balance sheet at fair value with movements in fair value between being recorded in the income statement. In respect of the derivative liability, the change in the fair value of the derivative liability, during the period and cumulatively, is not attributable to changes in the credit risk of that liability.

In addition, contractual arrangements whereby the Company agrees to issue a variable number of shares are accounted for as a liability. To the extent that these contractual arrangements meet the definition of a derivative, the value of the contractual arrangement is recorded on the balance sheet at fair value with movements in fair value being recorded in the income statement.

ii) Measured at amortised cost

All loans and borrowings are initially recognised at the fair value of the considerations received less directly attributable transaction cost. After initial recognition loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. 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 income.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserved shares

The Group's own equity instruments, which are reacquired for later use in employee share based payment arrangements (reserved shares), are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Loans from related parties

Loans from related parties that are not subject to a contract, are non-interest bearing, and have no specified repayment date are classified as contributed equity. The loans do not represent shares and do not have a right to dividend distributions.

3. Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Significant accounting judgments

(a) Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. International Ferro Metals Limited estimates its mineral resources and ore reserves using the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(b) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(c) Impairment of capitalised mine development expenditure

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes that could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(a) Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

In determining value in use, future cash flows are based on:

Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;

- future production levels;
- future commodity prices; and
- future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

(b) Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(c) Recoverability of potential deferred income tax assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted profits from operations and the application of existing tax laws. Future changes in profits resulting in estimated taxable income could impact on recognised or unrecognised deferred tax assets or liabilities.

(d) Valuation of share based payments

The key estimates and assumptions used in the valuation of share based payment plans are set out in note 2(p) and note 29.

4. TURNOVER AND SEGMENTAL ANALYSIS

The Group operates predominantly in one business segment, being the processing of chromite in South Africa and sale of ferrochrome in the international market.

5 (a) SALES REVENUE

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Sales Revenue	1,919,396	183,863	-	-
Intercompany Management Fees	-	-	16,960	24,000
	1,919,396	183,863	16,960	24,000

5 (b) ADMINISTRATIVE AND OTHER EXPENSES

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Accounting fees	815	870	815	870
Auditors remuneration	2,501	2,970	2,459	2,404
Consulting fees	2,672	5,279	1,111	2,742
Depreciation	358	2,067	352	186
Remuneration of Key Management Personnel (refer note 7)	56,772	46,606	38,092	33,287
Legal fees	5,716	3,225	4,105	3,115
Staff costs (refer note 8)	49,277	18,900	3,664	1,630
Write down of inventory	-	2,481	-	-
Reversal of impairment (a)	-	-	-	(56,037)
Other administrative expenses	53,726	25,131	30,849	20,587
	171,837	107,529	81,447	8,784

(a) The reversal of impairment represents the provision for diminution in parent company investment in the company's subsidiary, International Ferro Metals (SA) Pty Limited.

6. GAINS/LOSS ON MARK-TO-MARKET OF DERIVATIVE'S

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
(Gain)/loss on foreign currency options (a)	<u>(5,919)</u>	<u>176,256</u>	<u>(5,919)</u>	<u>162,127</u>

(a) This represents the movement in the mark-to-market value of derivative liabilities in accordance with the accounting policy described in note 2(v). Refer also to note 24 and 25 for further details.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) *Directors*

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Tony Grey	Executive Chairman	9 December 2002
Stephen Turner	Chief Executive Officer	26 January 2002
David Kovarsky	Managing Director	1 February 2008
Ronald Barnard	Chief Operating Officer	14 November 2007 (resigned 17 July 2008)
Xiaoping Yang	Non-executive Director	12 October 2005
Terence Willstead	Non-executive Director	12 October 2005
Ian Watson	Non-executive Director	2 April 2003
Stephen Oke	Non-executive Director	16 November 2005
Tian Xia	Non-executive Director	16 November 2005

(ii) *Executives*

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Dion Cohen	Group Chief Financial Officer	1 April 2007
Hannes Visser	General Manager, Operations	14 July 2008
Willie Bester	Maintenance and Project Manager	14 July 2008

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

(b) Remuneration of Key Management Personnel

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Basic salary and fees	16,400	9,706	10,724	5,417
Incentive payments	14,622	25,013	10,132	16,398
Other fees *	3,632	2,830	2,695	2,830
Superannuation **	860	373	860	373
Non-monetary benefits	75	-	75	-
Share based payments	21,183	14,144	13,606	8,269
	<u>56,772</u>	<u>52,066</u>	<u>38,092</u>	<u>33,287</u>
Less amounts capitalised to capital work in progress	-	(5,460)	-	-
	<u>56,772</u>	<u>46,606</u>	<u>38,092</u>	<u>33,287</u>

* Other fees represent costs for any additional work undertaken for the Company and retention fees paid.

** Superannuation represents payments made in respect of a defined contribution pension scheme.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

(c) Option holdings of key management personnel (consolidated)

30 June 2008	Balance at beginning of period 1 July 07	Options granted	Options exercised	Balance end of period 30 June 2008	Vested at 30 June 2008		
					Total	Exercisable	Not exercisable
Non-executive directors							
<i>Xiaoping Yang</i>	250,000	-	(250,000)	-	250,000	250,000	-
<i>Ian Watson</i>	333,333	-	(333,333)	-	333,333	333,333	-
<i>Terence Willsteed</i>	250,000	-	(250,000)	-	250,000	250,000	-
<i>Stephen Oke</i>	250,000	-	(250,000)	-	250,000	250,000	-
<i>Tian Xia</i>	250,000	-	(250,000)	-	250,000	250,000	-
Executive directors							
<i>Anthony Grey</i>	1,000,000	-	(1,000,000)	-	1,000,000	1,000,000	-
<i>Stephen Turner</i>	400,000	-	(400,000)	-	400,000	400,000	-
<i>David Kovarsky</i>	-	1,000,000	-	1,000,000	1,000,000	333,333	666,667
<i>Ronald Barnard</i>	333,333	-	(333,333)	-	333,333	333,333	-
Other Key Management Personnel							
<i>Dion Cohen</i>	-	-	-	-	-	-	-
Total	3,066,666	1,000,000	(3,066,666)	1,000,000	4,066,666	3,399,999	666,667

30 June 2007	Balance at beginning of period 1 July 06	Options granted	Options exercised	Balance end of period 30 June 2007	Vested at 30 June 2007		
					Total	Exercisable	Not exercisable
Non-executive directors							
<i>Xiaoping Yang</i>	250,000	158,193	(158,193)	250,000	250,000	250,000	-
<i>Ian Watson</i>	333,333	-	-	333,333	333,333	333,333	-
<i>Terence Willsteed</i>	250,000	-	-	250,000	250,000	250,000	-
<i>Stephen Oke</i>	250,000	-	-	250,000	250,000	250,000	-
<i>Tian Xia</i>	250,000	-	-	250,000	250,000	250,000	-
Executive directors							
<i>Anthony Grey</i>	1,000,000	310,350	(310,350)	1,000,000	1,000,000	1,000,000	-
<i>Stephen Turner</i>	400,000	491,960	(491,960)	400,000	400,000	400,000	-
Other Key Management Personnel							
<i>Ronald Barnard</i>	333,333	247,840	(247,840)	333,333	333,333	333,333	-
<i>Dion Cohen</i>	-	335,433	(335,433)	-	-	-	-
Total	3,066,666	1,543,776	(1,543,776)	3,066,666	3,066,666	3,066,666	

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

<u>30 June 2008</u>	Balance at beginning of period 1 July 07	Phantom options granted	Phantom options exercised	Balance end of period 30 June 2008	Vested at 30 June 2008		
					Total	Exercisable	Not exercisable
Non-executive directors							
<i>Xiaoping Yang</i>	300,000	246,250	(100,000)	446,250	446,250	246,250	200,000
<i>Ian Watson</i>	250,000	123,125	(83,333)	289,792	289,792	123,125	166,667
<i>Terence Willsted</i>	-	123,125	-	123,125	123,125	123,125	-
<i>Stephen Oke</i>	-	123,125	-	123,125	123,125	123,125	-
<i>Tian Xia</i>	-	123,125	-	123,125	123,125	123,125	-
Executive directors							
<i>Anthony Grey</i>	500,000	492,500	(166,667)	825,833	825,833	492,500	333,333
<i>Stephen Turner</i>	500,000	492,500	(166,667)	825,833	825,833	492,500	333,333
<i>Ronald Barnard</i>	450,000	492,500	(150,000)	792,500	792,500	492,500	300,000
Other Key Management Personnel							
<i>Dion Cohen</i>	378,000	246,250	(126,000)	498,250	498,250	246,250	252,000
Total	2,378,000	2,462,500	(792,667)	4,047,833	4,047,833	2,462,500	1,585,333

<u>30 June 2007</u>	Balance at beginning of period 1 July 06	Phantom options granted	Phantom options exercised	Balance end of period 30 June 2007	Vested at 30 June 2007		
					Total	Exercisable	Not exercisable
Non-executive directors							
<i>Xiaoping Yang</i>	-	300,000	-	300,000	300,000	-	300,000
<i>Ian Watson</i>	-	250,000	-	250,000	250,000	-	250,000
Executive directors							
<i>Anthony Grey</i>	-	500,000	-	500,000	500,000	-	500,000
<i>Stephen Turner</i>	-	500,000	-	500,000	500,000	-	500,000
Other Key Management Personnel							
<i>Ronald Barnard</i>	-	450,000	-	450,000	450,000	-	450,000
<i>Dion Cohen</i>	-	378,000	-	378,000	378,000	-	378,000
Total	-	2,378,000	-	2,378,000	2,378,000	-	2,378,000

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings holdings of key management personnel (consolidated)

30 June 2008	Balance at 1 July 07	Granted as remuneration	On exercise of options	Shares sold	Balance end of period 30 June 2008
	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Non-executive directors					
<i>Xiaoping Yang</i>	-	-	250,000	(83,333)	166,667
<i>Ian Watson</i>	666,667	-	333,333	(666,666)	333,334
<i>Terence Willsteed ***</i>	-	-	250,000	(83,333)	166,667
<i>Stephen Oke</i>	-	-	250,000	(200,000)	50,000
<i>Tian Xia</i>	-	-	250,000	(83,333)	166,667
Executive directors					
<i>Anthony Grey*</i>	900,000	-	1,000,000	(633,333)	1,266,667
<i>Stephen Turner**r</i>	12,975,000	-	400,000	(6,458,333)	6,916,667
<i>Ronald Barnard</i>	666,667	-	333,333	(666,666)	333,334
Other Key Management Personnel					
<i>Dion Cohen</i>	12,500	-	-	(12,500)	-
Total	15,220,834	-	3,066,666	(8,887,497)	9,400,003

* Mr Grey's shareholding is held by Dalvin Pty Limited, a company of which Anthony Grey is a beneficial owner.

** Mr Turner's shareholding are held as follows: 1,000,000 Ordinary shares in his own name, 5,541,667 Ordinary shares by Kin Yip International Limited and 375,000 Ordinary shares by Elliot Rutledge Group Pty Ltd, both being companies of which Stephen Turner is a beneficial shareholder. Mr Turner only has a part interest in these shares.

*** Terence Willsteed's shareholding is held by Patermat Pty Ltd as trustee for T.V.Willsteed & Associates Pty Limited Superannuation Fund.

7. REMUNERATION OF KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings of key management personnel (consolidated)

30 June 2007	Balance at 1 July 06	Granted as remuneration	On exercise of options	Shares sold	Balance end of period 30 June 2007
	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
Non-executive directors					
<i>Xiaoping Yang</i>	-	-	158,193	(158,193)	-
<i>Ian Watson</i>	666,667	-	-	-	666,667
<i>Terence Willsteed</i>	-	-	-	-	-
<i>Stephen Oke</i>	-	-	-	-	-
<i>Tian Xia</i>	-	-	-	-	-
Executive directors					
<i>Anthony Grey</i>	900,000	-	310,350	(310,350)	900,000
<i>Stephen Turner</i>	12,975,000	-	491,960	(491,960)	12,975,000
Other Key Management Personnel					
<i>Ronald Barnard</i>	666,667	-	247,840	(247,840)	666,667
<i>Dion Cohen</i>	12,500	-	-	-	12,500
Total	15,220,834		1,543,776	(1,543,776)	15,220,834

*Mr Grey's shareholding is held by Dalvin Pty Limited, a company of which Anthony Grey is a beneficial owner.

**Mr Turner's shareholding are held as follows: 1,000,000 Ordinary shares in his own name, 11,600,000 Ordinary shares by Kin Yip International Limited and 375,000 Ordinary shares by Elliot Rutledge Group Pty Ltd, both being companies of which Stephen Turner is a beneficial shareholder. Mr Turner only has a part interest in these shares.

8. STAFF COSTS (EXCLUDING REMUNERATION OF KEY MANAGEMENT PERSONNEL)

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Basic salary and fees	72,218	56,458	3,251	1,045
Share based payments	22,699	19,295	330	510
Superannuation *	83	66	83	66
Other on-costs	-	3,164	-	9
	95,000	78,983	3,664	1,630
Less amounts capitalised to cost of product/capital work in progress	-	(18,427)	-	-
Less amounts included in inventories/cost of product	(45,723)	(41,656)	-	-
	49,277	18,900	3,664	1,630

* Superannuation represents payments made in respect of a defined contribution pension scheme.

9. FINANCING INCOME AND COSTS

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Interest income	43,898	29,766	134,449	91,388
Interest expense				
- Interest on project debt	(30,879)	(66,137)	-	-
- Amortisation of debt establishment costs	(6,353)	(13,940)	-	-
- Early settlement fees	(2,723)	-	-	-
- Interest on Purity acquisition price	-	(10,086)	-	(10,086)
- Interest on financing	(20,048)	-	-	-
- Interest on leases	(23,410)	-	-	-
- Unwinding of discount on rehabilitation provision	(834)	(763)	-	-
- Interest paid – other	(1,335)	(4,846)	(2)	(709)
	(85,582)	(95,772)	(2)	(10,795)
Net finance (costs)/income	(41,684)	(66,006)	134,447	80,593

10. INCOME TAX

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
<i>Income tax expense</i>				
Current Income tax charge:	1,575	-	-	-
Deferred income tax relating to origination and reversal of temporary differences	50,602	-	-	-
Income tax expense recorded in income statement	<u>52,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) from ordinary activities before income tax expense	630,359	(344,269)	163,311	(77,016)
At parent entity statutory tax rate of 30%:	189,108	103,281	48,993	(23,105)
Overseas tax rate differential	(9,341)	1,888	-	-
Expenses not deductible for tax purposes	41,577	-	8,948	-
Additional tax deductions	(74,051)	(22,119)	(67,418)	(22,119)
Utilization of previously unrecognised tax losses	(11,670)	-	-	-
Utilization of unredeemed capital expenditure	(92,984)	-	-	-
Deferred tax asset not recognised	9,538	123,512	9,476	45,224
Aggregate income tax expense	<u>52,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax liability				
Property plant and equipment, including unredeemed capital expenditure	100,420	-	-	-
Debtors and prepayments	6,413	-	-	-
Total deferred tax liability	<u>106,833</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax asset				
Provisions	(11,747)	-	-	-
Finance lease payments	(28,688)	-	-	-
Share option charges	(6,011)	-	-	-
Income received in advance	(4,716)	-	-	-
Rehabilitation provisions, claimable in future	(5,069)	-	-	-
Total deferred tax asset	<u>(56,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax liability	<u>50,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
Calculated taxation losses				
The Group has unrecognised tax losses for which no deferred tax asset is recognised on the balance sheet of ZAR29.3 million (2007: ZAR62.3 million) which are available indefinitely against future taxable income.				
Unredeemed mining capital expenditure				
Unredeemed mining capital expenditure available for offset against future mining taxable income	<u>1,131,709</u>	<u>1,370,712</u>	<u>-</u>	<u>-</u>

11. EARNINGS PER SHARE

(a) Earnings used in calculating earning per share

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Basic earnings/(loss) per share (cents per share)	114.05	(82.78)	32.49	(18.66)
Diluted earnings/(loss) per share (cents per share)	114.01	(82.78)	32.48	(18.66)
Earnings used in calculating basic earnings per share (ZAR'000)	573,179	(341,629)	163,311	(77,016)
Earnings used in calculating diluted earnings per share (ZAR'000)	573,179	(341,629)	163,311	(77,016)
Weighted number of ordinary shares on issue in calculation of basic earnings per share	502,590,229	412,694,672	502,590,229	412,694,672
Number of potential ordinary shares that are not dilutive and not used in calculation of diluted earnings per share	-	11,395,045	-	11,395,045

(b) Weighted average number of shares

	2008 Thousands	2007 Thousands
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share	502,590,229	412,694,672
Effect of dilution:		
Share options	144,634	-
Weighted average number of ordinary shares (excluding reserved shares) used in the calculation of diluted earnings per share	502,734,863	412,694,672

12. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed during any of the historical financial periods.

The Board of directors declared its first dividend of 1p per share on 22 September 2008 which will be paid to shareholders registered as at 3 October 2008.

13. CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Cash at bank and on hand	66,434	43,929	17,465	62,582
Short-term deposits	905,756	-	797,931	-
	972,190	43,929	815,396	62,582

14. RECEIVABLES

(a) Receivable - Inter-Company

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Loan to wholly owned subsidiary	-	-	19,127	31,628

(b) Trade and other Receivables

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Trade debtors (a)	425,859	16,076	-	-
Outstanding tax refunds (b)	35,484	16,193	366	109
Director loans (c)	-	800	-	800
Other debtors (d)	1,576	4	239,193	126,935
	462,919	33,073	239,559	127,844

- (a) Trade debtors relate to the sale of ferro chrome. Payment terms are thirty days from date of final invoice.
- (b) Tax refunds relate to the relevant Goods and Services Tax and Value Added Tax refunds owing in Australia and South Africa.
- (c) Directors' loans for 30 June 2007, relate to a loan of A\$133,334 which was made to Ian Watson on 22 June 2005 to assist him to exercise certain options prior to listing on AIM. This loan was non-interest bearing. The loan was repaid on 31 August 2007.
- (d) Other debtors in the parent entity relates to accrued preference share dividends (refer note 19(a)).

Details of the terms and conditions of receivables are discussed in detail under note 30.

The carrying value of trade and other receivables is assumed to approximate the fair value due to the short term nature of the trade and other receivables.

15. PREPAYMENTS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Prepaid Capital raising costs (a)	-	3,051	-	3,051
Prepaid retention fee	8,060	-	-	-
Prepaid shipping costs	4,585	-	-	-
Prepaid stewardship costs	538	-	487	-
Prepaid insurance	199	993	199	993
	13,382	4,044	686	4,044

(a) Prepaid Capital raising costs relate to expenditure paid and accrued prior to the Company's Admission to LSX for various advisors directly associated with the Capital raising of the Company. Following the LSX admission these costs were transferred to share capital and offset against the Capital raising proceeds.

16. INVENTORIES

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Consumable stores at cost	6,895	3,119	-	-
Ore Stock at cost	68,959	57,888	-	-
Raw materials at cost	22,114	13,594	-	-
Finished goods at cost (2007: at net realisable value)	11,784	66,220	-	-
	109,752	140,821	-	-

17. OTHER CURRENT ASSETS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Restricted cash	-	141,916	-	-

Restricted cash represents cash set aside for bank guarantees provided by Standard Bank to various contractors and other parties.

18. OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Investment in subsidiaries at cost	-	-	891,601	330,000
Receivable from Jefferson Investments Limited (a)	-	-	695,657	695,657
	-	-	1,587,258	1,025,657

- (a) IFML has purchased a preference share in Jefferson Investments, a UK financial institution, for ZAR695 million. Simultaneously, IFMSA issued a debenture to Morgan Stanley for ZAR695 million. The debenture is secured against the preference shares. The coupon on both the preference shares and the debenture is 12.5% compounded semi-annually in arrears. The debenture term ends on 25 January 2016.

The preference share is secured by a put option whereby IFML can put the preference share to Morgan Stanley. Conversely Morgan Stanley may put the debenture back to IFMSA. The Group is entitled to set off the preference share and the debenture, as such, these items have been set off in the consolidated balance sheet.

19. PROPERTY, PLANT & EQUIPMENT

2008	Consolidated		
	Cost ZAR'000	Accumulated depreciation ZAR'000	Net book value ZAR'000
Mineral rights and reserves (a)	157,223	(5,731)	151,492
Land and buildings	30,726	(1,932)	28,794
Decommissioning asset	5,837	(206)	5,631
Plant & equipment	1,234,006	(56,217)	1,177,789
Leased Plant & equipment	88,488	(3,232)	85,256
Mine development	137,576	(4,706)	132,870
Computer equipment	3,902	(1,640)	2,262
Leased Computer equipment	1,651	(475)	1,176
Furniture & fittings	2,881	(1,238)	1,643
Exploration costs	12,856	-	12,856
Capital work in progress (b)	60,522	-	60,522
Vehicles	5,636	(998)	4,638
Leased vehicles	7,858	(506)	7,352
Total cost	1,749,162	(76,811)	1,672,281

19. PROPERTY, PLANT & EQUIPMENT (continued)

	Consolidated				
	Carrying value at beginning of year ZAR'000	Transfers / Adjustments ZAR'000	Additions ZAR'000	Depreciation ZAR'000	Carrying value at end of year ZAR'000
2008					
Mineral rights and reserves (a)	155,257	(28)	-	(3,737)	151,492
Land and buildings	29,353	-	42	(601)	28,794
Decommissioning asset	5,801	50	-	(220)	5,631
Plant & equipment (d)	1,184,741	21,220	10,525	(38,697)	1,177,789
Leased Plant & equipment	108,350	(20,559)	-	(2,535)	85,256
Mine development	117,736	-	20,339	(5,205)	132,870
Computer equipment	2,622	-	736	(1,096)	2,262
Leased Computer equipment	1,616	-	-	(440)	1,176
Furniture & fittings	2,392	-	144	(893)	1,643
Exploration costs	-	-	12,856	-	12,856
Capital work in progress (b)	22,547	(21,220)	59,195	-	60,522
Vehicles	357	(47)	5,117	(789)	4,638
Leased vehicles	1,616	47	6,160	(471)	7,352
Total cost	<u>1,632,388</u>	<u>(20,537)</u>	<u>115,114</u>	<u>(54,684)</u>	<u>1,672,281</u>

	Parent		
	Cost ZAR'000	Accumulated depreciation ZAR'000	Carrying value ZAR'000
2008			
Mineral rights and reserves (a)	-	-	-
Land & buildings	3,450	(172)	3,278
Plant & equipment	4,922	(246)	4,676
Mine development	992	(50)	942
Computer equipment	109	(63)	46
Furniture & fittings	51	(17)	34
Total cost	<u>9,524</u>	<u>(548)</u>	<u>8,976</u>

19. PROPERTY, PLANT & EQUIPMENT (continued)

	Parent				Carrying value at end of year ZAR'000
	Carrying value at beginning of year ZAR'000	Transfers / Adjustments ZAR'000	Additions ZAR'000	Depreciation ZAR'000	
2008					
Mineral rights and reserves (a)	61,601	(61,601)	-	-	-
Land & buildings	3,394	-	-	(115)	3,279
Plant & equipment	4,840	-	-	(164)	4,676
Mine development	975	-	-	(33)	942
Computer equipment	35	-	43	(32)	46
Furniture & fittings	41	-	-	(8)	33
Total cost	70,886	(61,601)	43	(352)	8,976

	Consolidated		
	Cost ZAR'000	Accumulated depreciation ZAR'000	Net book value ZAR'000
2007			
Mineral rights and reserves (a) (c)	157,251	(1,995)	155,256
Land and buildings	29,684	(330)	29,354
Decommissioning asset	5,879	(78)	5,801
Plant & equipment	1,202,225	(17,484)	1,184,741
Leased Plant & equipment	109,082	(732)	108,350
Mine development	119,448	(1,712)	117,736
Computer equipment	3,166	(543)	2,623
Leased Computer equipment	1,651	(35)	1,616
Furniture & fittings	2,736	(345)	2,391
Capital work in progress (b)	22,547	-	22,547
Vehicles	567	(210)	357
Leased vehicles	1,651	(35)	1,616
Total cost	1,655,887	(23,499)	1,632,388

19. PROPERTY, PLANT & EQUIPMENT (continued)

	Consolidated				
	Carrying value at beginning of year ZAR'000	Transfers / Adjustments ZAR'000	Additions ZAR'000	Depreciation ZAR'000	Carrying value at end of year ZAR'000
2007					
Mineral rights and reserves (a) (c)	161,426	(4,174)	-	(1,996)	155,256
Land and buildings	1,536	28,087	-	(269)	29,354
Decommissioning asset	4,784	-	1,095	(78)	5,801
Plant & equipment	5,776	1,158,501	37,723	(17,259)	1,184,741
Leased Plant & equipment	73,135	-	35,947	(732)	108,350
Mine development	-	90,368	29,080	(1,712)	117,736
Computer equipment	109	-	2,910	(396)	2,623
Leased Computer equipment	-	-	1,651	(35)	1,616
Furniture & fittings	66	-	2,636	(311)	2,391
Capital work in progress (b)	701,666	(1,276,956)	597,837	-	22,547
Vehicles	-	-	513	(156)	357
Leased vehicles	-	-	1,651	(35)	1,616
Total cost	948,498	(4,174)	711,043	(22,979)	1,632,388

	Parent		
	Cost ZAR'000	Accumulated depreciation ZAR'000	Carrying value ZAR'000
2007			
Mineral rights and reserves (a) (c)	61,601	-	61,601
Land & buildings	3,451	(57)	3,394
Plant & equipment	4,922	(82)	4,840
Mine development	992	(17)	975
Computer equipment	66	(31)	35
Furniture & fittings	49	(8)	41
Total cost	71,081	(195)	70,886

19. PROPERTY, PLANT & EQUIPMENT (continued)

	Parent				
	Carrying value at beginning of year	Transfers / Adjustments	Additions	Depreciation	Carrying value at end of year
2007	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Mineral rights and reserves (a)	65,775	(4,174)	-	-	61,601
Land & buildings	-	-	3,451	(57)	3,394
Plant & equipment	-	-	4,922	(82)	4,840
Mine development	-	-	992	(17)	975
Computer equipment	49	-	8	(22)	35
Furniture & fittings	-	-	49	(8)	41
Capital work in progress (b)	9,373	(9,373)	-	-	-
Total cost	75,197	(13,547)	9,422	(186)	70,886

- (a) The Mineral rights and reserves of ZAR61million relating to the Sky Chrome deposit is held in Purity Metals Holdings Limited (“Purity”), a wholly owned subsidiary of the Group. IFM acquired the shares in Purity for US\$9 million on 16 December 2005. For accounting purposes Purity is treated as a subsidiary of the Company. Purity owns 80% of the Sky Chrome project, a ferrochrome resource located adjacent to the Buffelsfontein plant. The purchase price has been allocated to the value of the Sky Chrome Mineral Resource. Purity does not have any other identifiable assets, liabilities or contingent liabilities. There has been no impact on the income statement subsequent to acquisition. The investment in Purity is disclosed under “Other Financial Assets” per note 18 as “Investment in Subsidiaries at cost”.
- (b) Capital work in progress relates to capital costs incurred for the expansion of the company and associated infrastructure.
- (c) The adjustment to Mineral rights and reserves relates to the de-capitalisation of interest in accordance with the Group’s policy to expense all borrowing costs.
- (d) The adjustment to plant & equipment is a result of the reassessment of the minimum lease payments to be made on the finance lease of the power sub-station and feeder bays supporting the Buffelsfontein facility and mine.

No property, plant and equipment have been pledged as security for liabilities of the Group or the Company.

20. OTHER NON-CURRENT ASSETS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Restricted cash (a)	22,942	123,855	-	-
Deposits	2,683	516	516	516
	25,625	124,371	516	516

- (a) Restricted cash represents cash set aside for bank guarantees provided by Standard Bank to the Department of Trade and Industry and contractors for year end 2008. Restricted cash for 2007 represents cash set aside for bank guarantees provided by Standard Bank to various contractors and other parties.

21. TRADE AND OTHER PAYABLES

	<u>Consolidated</u>		<u>Parent</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>ZAR'000</u>	<u>ZAR'000</u>	<u>ZAR'000</u>	<u>ZAR'000</u>
Sundry creditors and accruals	61,310	31,068	6,169	10,298
Trade creditors	131,389	83,891	-	-
Finance lease liability (a)	9,140	19,447	-	-
Other creditors and accruals (b)	11,310	-	-	-
	<u>213,149</u>	<u>134,406</u>	<u>6,169</u>	<u>10,298</u>

(a) Refer to note 32.

(b) Other creditors and accruals represent pre-received income for product sold.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

22. PROVISIONS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
<i>Current provisions</i>				
Employee entitlements (a)	63,589	23,118	14,565	13,151
Share Based Payment liability (c)	35,688	-	13,000	-
Taxation	1,575	-	-	-
	<u>100,852</u>	<u>23,118</u>	<u>27,565</u>	<u>13,151</u>
<i>Employee entitlements</i>				
Opening balance	23,118	5,852	13,151	2,870
Provision recognised during the year	41,857	18,125	1,794	10,433
Provision utilised during the year	(1,386)	(859)	(380)	(152)
Closing balance	<u>63,589</u>	<u>23,118</u>	<u>14,565</u>	<u>13,151</u>
<i>Phantom options</i>				
Opening balance	-	-	-	-
Transferred from non-current provision	18,599	-	4,089	-
Cash settled share based payment expense	36,582	-	13,599	-
Phantom options exercised and paid during the year	(19,493)	-	(4,688)	-
Closing balance	<u>35,688</u>	<u>-</u>	<u>13,000</u>	<u>-</u>
<i>Taxation</i>				
Opening balance	-	-	-	-
Provision recognised during the year	1,575	-	-	-
Closing balance	<u>1,575</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. PROVISIONS (continued)

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
<i>Non current provisions</i>				
Rehabilitation and restoration (b)	18,104	6,292	-	-
Share Based Payment liability (c)	9,080	27,679	3,172	7,261
	<u>27,184</u>	<u>33,971</u>	<u>3,172</u>	<u>7,261</u>
<i>Rehabilitation and restoration</i>				
Opening balance	6,292	5,022	-	-
Additional provision recognised during the year:				
-Recorded in Plant, Property and Equipment	-	507	-	-
-Unwinding of discount	834	763	-	-
-Adjustment in provision	10,978	-	-	-
Closing balance	<u>18,104</u>	<u>6,292</u>	<u>-</u>	<u>-</u>
<i>Phantom options</i>				
Opening balance	27,679	-	7,261	-
Cash settled share based payment expense	-	27,679	-	7,261
Transfer to current provision	(18,599)	-	(4,089)	-
Closing balance	<u>9,080</u>	<u>27,679</u>	<u>3,172</u>	<u>7,261</u>

- (a) The provision for employee entitlements represents accrued annual leave liabilities and other employee provisions. It is expected that these costs will be incurred in the next financial year.
- (b) The provision for rehabilitation and restoration represents management's estimate of the restoration and exit costs associated with the integrated ferrochrome mining and processing facility at Buffelsfontein. It is expected that these costs will be incurred at the end of the mine life. Due to the long-term nature of the liability the greatest uncertainty in estimating the provision is the costs that will be ultimately incurred. The provision has been calculated using a pre-tax discount rate of 12%.
- (c) The Phantom Share Option scheme options are treated as "cash settled" share based payments in accordance with the accounting policy described in note 2(p).

23. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated		Parent	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Junior Debt	-	150,000	-	-
Senior Debt	-	473,647	-	-
Working Capital Debt	-	119,400	-	-
Capitalised interest facility	-	62,981	-	-
Long term portion of finance lease liability	90,601	92,603	-	-
Other loans	2,115	-	-	-
	92,716	898,631	-	-

On 28 September 2007, the Company settled in full all amounts outstanding under the senior and junior debt facilities. The facilities were cancelled from that date. The amount repaid was ZAR853 million which included breakage fees and the fee for the early cancellation of the options held in the Company by the banking counterparties. Under the original banking facilities, these repayments were to commence from 30 June 2008.

Finance leases

The weighted average effective interest rate on finance leases is 12.5%.

Other loans

Other loans represent a prepayment premium due to SAAB Supporter ETT AB ("SAAB"), lenders of the junior debt facility. On repayment of the junior debt a prepayment premium was agreed to, being 1.25% on all amounts due. This premium may be repaid with thirty calendar days notice to the SAAB but in any event no later than 31 December 2010. No interest is charged on this loan.

Undrawn loan facilities at 30 June 2008, excluding debtors discounting facilities, amounted to ZAR50 million (2007: ZAR5.6 million).

Fair value

Each class of interest bearing loans and borrowings are carried at cost which is estimates their fair value.

24. DERIVATIVE LIABILITY

	<u>Consolidated</u>		<u>Parent</u>	
	2008	2007	2008	2007
	ZAR'000	ZAR'000	ZAR'000	ZAR'000
<i>Current</i>				
- Foreign currency denominated options (a)	-	20,994	-	5,479
<i>Non current</i>				
- Foreign currency denominated options (a)	-	42,432	-	42,432

- (a) Options that have vested and have no ongoing share based payment relationship and are denominated in a foreign currency (GBP) are accounted for as derivative liabilities. No derivative liability is recorded at 30 June 2008 as options have been exercised or cancelled (refer note 23 and 25). Derivative options that expire within twelve months are classified as current liabilities.

For the financial year ending 30 June 2007, the options were valued using a Black Scholes model using the assumptions listed below:

	<u>Consolidated</u>	<u>Parent</u>
	2007	2007
Expected volatility	36%	36%
Risk free rate	6%	6%
Share price	£1.21	£1.21
Dividend yield	Nil	Nil

Fair Value

The derivative liability is carried at fair value with changes recognised through profit and loss.

25. CONTRIBUTED EQUITY

	<u>Consolidated</u>		<u>Parent</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	<u>ZAR'000</u>	<u>ZAR'000</u>	<u>ZAR'000</u>	<u>ZAR'000</u>
Movement in ordinary shares on issue				
Opening balance	1,607,075	1,360,675	1,607,075	1,360,675
Issue of Ordinary Shares	1,196,208	245,310	1,196,208	245,310
Exercise of options	85,860	-	85,860	-
Share placement costs	(54,731)	-	(54,731)	-
Purchase of treasury shares	-	(10,515)	-	(10,515)
Issue of treasury shares	-	11,605	-	11,605
Closing balance	<u>2,834,412</u>	<u>1,607,075</u>	<u>2,834,412</u>	<u>1,607,075</u>
	Shares	Shares	Shares	Shares
Opening balance	428,161,896	410,283,623	428,161,896	410,283,623
Issue of Ordinary Shares	71,000,000	17,878,273	71,000,000	17,878,273
Exercise of options	8,400,784	-	8,400,784	-
Treasury shares purchased	-	2,000,000	-	2,000,000
Treasury shares issued	-	(2,000,000)	-	(2,000,000)
Closing balance	<u>507,562,680</u>	<u>428,161,896</u>	<u>507,562,680</u>	<u>428,161,896</u>

The details of Ordinary Shares issued are as follows:

<u>Period</u>	<u>Description of share issue</u>	<u>Number of shares issued/(sold)</u>	<u>Share price / exercise price</u>	<u>Proceeds (local currency)</u>	<u>Proceeds (ZAR'000)</u>
<u>Year ended 30 June 2008</u>	LSE Listing (b)	71,000,000	£1.20	£85,200,000	1,196,208
	Exercise of options	8,400,784	(c)	(c)	85,860
<u>Period</u>	<u>Description of share issue</u>	<u>Number of shares issued/(sold)</u>	<u>Share price / exercise price</u>	<u>Proceeds (local currency)</u>	<u>Proceeds (ZAR'000)</u>
<u>Year ended 30 June 2007</u>	Exercise of options	17,878,273	(a)	(a)	245,310

- (a) Increase in share capital represents proceeds from the exercise of 17,878,273 options of an exercise price of between £0.3675 and £0.43 raising ZAR107,426,000 (£7.5 million) and the accompanying book value of the derivative liability of ZAR137,884,000 (£9.7 million).
- (b) On 9 July 2007, the Company raised ZAR1.2 billion (£85.2 million) before expenses, by the issue of 71,000,000 ordinary shares under the placing and JISCO subscription.

25. CONTRIBUTED EQUITY (continued)

- (c) Increase in share capital represents proceeds from the exercise of 8,400,784 options of an exercise price of between £0.22 and £0.4375 raising ZAR33,690,827 and accompanying carrying value of the share based payment reserve of ZAR2,492,279 and book value of the derivative liability of ZAR45,124,016. In addition, 1,265,562 options were exercised by JISCO under the Subscription Agreement raising ZAR4,552,770.

Ordinary shares

Ordinary Shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options

The following table sets out the Options granted and exercised during each year:

	As at 30 June	
	2008	2007
	Number	Number
Opening balance	11,395,045	29,273,318
Options granted (Table 1)	1,000,000	2,000,000
Options exercised (Table 2)	(8,400,786)	(19,878,273)
Options cancelled (Table 2)	(2,994,259)	-
Closing balance (Table 3)	1,000,000	11,395,045

In addition, Jisco has certain non-dilution rights under the Subscription Agreement, which apply if an Option is exercised, to require Jisco to be offered and issued Ordinary Shares at the same exercise price at which such Options are exercised to enable Jisco to maintain its guaranteed holding of 26.1% of the issued Ordinary Shares of the Company. These non-dilution rights are accounted for as a derivative liability. Since Jisco's shareholding is above 26.1%, under the Subscription Agreement, IFM is not obliged to offer Jisco shares in terms of the anti-dilution clause, unless the issue would dilute Jisco's ownership below 26.1%.

The following table sets out the details of Options issued during the relevant period:

Table 1

Description of option holder	Number granted	Exercise Price	Vesting date / conditions	Expiry date	Fair value of options at grant date	Fair value of options at grant date ZAR'
<i>Year ended 30 June 2008</i>						
Directors	1,000,000	£0.875	(b)	(b)	£223,222	3,283,600
<i>Year ended 30 June 2007</i>						
Directors	2,000,000	£0.41	(a)	(a)	£50,061	691,839

25. CONTRIBUTED EQUITY (continued)

- (a) On 13 December 2006, 2,000,000 performance rights were granted to senior executives under the IFM Executive Employee Share Option Plan. These rights vested on the executives becoming entitled to a bonus under the Company's existing employee bonus scheme. Upon exercise, executives were entitled to receive an Ordinary Share or the net proceeds of sale of such share for each right exercised. Employees elected to exercise their rights during the period which will result in the release of 2,000,000 shares from the Executive Share Trust. The fair value of the Options granted is estimated as at the date of grant, taking into account the terms and conditions upon which the Options were granted.

The estimated fair value of each Option at grant date is £0.08 (ZAR1.10).

- (b) For further details refer to Audited Remuneration report (table 3) included as part of the directors report.

The following table sets out the details of options exercised during the relevant period:

Table 2

Description of option holder	Number Exercised	Number Cancelled	Exercise Price	Weighted average share price at time of exercise
<i>Year ended 30 June 2008</i>				
Directors	4,400,000	-	£0.22-£0.35	£1.27
Service Providers	2,735,224	-	£0.4025-£0.4375	£1.44
Finance Providers*	-	1,285,714	-	-
Jisco*	-	1,708,545	-	-
Jisco	300,203	-	£0.35	£1.27
Jisco	965,359	-	A\$0.40-A\$0.65	£1.77 - £1.44
	<u>8,400,786</u>	<u>2,994,259</u>		

Description of option holder	Number Exercised	Exercise Price	Weighted average share price at time of exercise
<i>Year ended 30 June 2007</i>			
Directors	2,000,000	£0.41	£0.41
Service providers	767,612	£0.3675	£0.909
Service providers	600,000	£0.3675	£0.658
Finance providers	3,948,144	£0.43	£0.887
Finance providers	1,283,147	£0.43	£0.767
Finance providers	6,613,141	£0.43	£0.993
Jisco	4,666,229	£0.3675-£0.43	£0.77
	<u>19,878,273</u>		

- * On 28 September 2007, as part of the Group's final settlement with the Finance providers, IFM cancelled these options. Jisco's anti-dilution right relating to these options was also cancelled.

25. CONTRIBUTED EQUITY (continued)

The following table sets out the details of outstanding Options as at 30 June 2008:

Table 3

Description of option holder	Number of options outstanding	Exercise Price	Vesting date / conditions	Expiry Date
<u>Directors</u>	1,000,000	£0.88	(a)	31/12/2010

- (a) Mr Kovarsky was issued one million options to subscribe for shares in IFM within a three year period up until 31 December 2010. These options vest in three equal tranches on 30 June 2008, 30 June 2009 and 30 June 2010 and shall be exercised at any time prior to 31 December 2010. The vesting of these options is conditional on continued employment through the vesting period.

Capital Management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

Capital is defined as total shareholders' equity which represented ZAR2.8 billion at 30 June 2008 (2007: ZAR1.6 billion).

The Board of Directors and Management often review the company's capital structure using a detailed cash flow model. They assess the adequacy of the capital structure against the major variables impacting the Group's profitability.

For expansion plan feasibility studies or evaluations of potential acquisitions, management reviews its capital to ensure optimal structuring. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares to reduce debt. Should a strategic acquisition be assessed, management may issue further shares on the market.

The Company has complied with all externally imposed capital requirements.

26. SHARE BASED PAYMENT RESERVE

The share based payment reserve records the value of equity benefits provided to employees and directors as part of their remuneration.

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Opening balance	7,480	1,720	7,189	1,720
Options exercised and transferred to share capital	(2,492)	-	(2,201)	-
Share based payment expense	1,629	5,760	1,629	5,469
Closing balance at the end of the year	<u>6,617</u>	<u>7,480</u>	<u>6,617</u>	<u>7,189</u>

27. RETAINED EARNINGS

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Opening balance at the start of the year	(651,215)	(309,586)	(369,728)	(292,712)
After tax profit/(loss) attributable to the equity holders of the parent during the year	573,179	(341,629)	163,311	(77,016)
Closing balance at the end of the year	(78,036)	(651,215)	(206,417)	(369,728)

28. MINORITY INTEREST

	As at 30 June	
	2008 ZAR'000	2007 ZAR'000
Opening balance at the start of the year	3,650	6,290
After profit/(loss) attributable to the minority interest during the year	5,003	(2,640)
Closing balance at the end of the year	8,653	3,650

29. SHARE-BASED PAYMENT PLANS

The fair value of the share options granted is estimated as at the date of grant using a Binomial model (2007: Black Scholes model) taking into account the terms and conditions upon which the options were granted.

	2008	2007
Expected volatility (b) (%)	45%	36% - 60%
Risk-free interest rate range (%)	5.06% - 5.20%	6%
Option exercise price (Rand)	See note 24	See note 24
Expected dividend yield range	1.6% - 6.6%	Nil
Expected life	n/a	(a)
Strike price	£1.50-£3.50	n/a

- (a) The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. For options granted prior to the Company's IPO, the Company measured the fair value of the goods and services received in return for options granted based on the market price for these goods or services.
- (b) Share price volatility is re-assessed at each reporting period based on historical share prices. The current volatility is based on actual volatility since the listing of the company in September 2005.

Equity Settled Options

One million options were issued to Mr Kovarsky, to subscribe for shares in IFM within a three year period up until 31 December 2010. These options vest in three equal tranches on 30 June 2008, 30 June 2009 and 30 June 2010 and shall be exercised at any time prior to 31 December 2010. The vesting of these options is conditional on continued employment through the vesting period.

29. SHARE-BASED PAYMENT PLANS (continued)

Phantom Share Option Plan

A Phantom Option Scheme was introduced on 15 November 2006 as a long term incentive scheme. Options are granted to eligible employees, subject to the satisfaction of certain vesting and exercise conditions. A cash amount is determined by reference to the excess of the market price of an ordinary share in the Company over the exercise price at the time the options are exercised. The options, in most cases, vest in equal tranches over three years subject to the recipients continued employment by the Company. Executives are able to exercise the share options for up to five years from the grant of the options. Each tranche of the options are capped at between £1.50 and £3.50 (i.e. the maximum strike price of the option).

On 6 February 2008, 3 million phantom options were issued to directors and senior management at an exercise price of £1.00 and at a price cap of £2.50. These phantom options issued were subject to the same targets as described under the “STI” scheme for 30 June 2008 (see *STI bonus for 2008 financial year*) in Remuneration Report. Of the 3 million phantom options, 2.955 million options vested to directors and senior management based on the 98.5% production target that was achieved at year end.

The estimated fair value of each phantom option at reporting date is:

Exercise price	Fair value at reporting date	Fair value at reporting date	Fair value at reporting date
	Tranche 1	Tranche 2	Tranche 3
£0.35	R9.30	R11.55	R11.84
£0.3750	R8.95	R11.22	R11.54
£0.3775	R8.91	R11.18	R11.52
£0.4100	R8.43	R10.70	R11.09
£0.4350	R8.03	R10.29	R10.70
£0.4750	R7.48	R9.78	R10.26
£0.6800	R4.78	R7.27	R8.08
£0.8225	R5.93	R6.88	R6.56
£1.0000	R5.22	-	-
£1.0300	R4.71	R5.64	R5.39
£1.0650	R4.44	R5.39	R5.14
£1.1750	R4.95	R4.82	R4.62
£1.2050	R3.78	R4.78	R4.60
£1.2390	R3.51	R4.48	R4.27
£1.4250	R2.76	R3.80	R3.68

29. SHARE-BASED PAYMENT PLANS (continued)

Phantom options	Options	Weighted average exercise price
Opening balance at 1 July 2006	-	
Granted during the period	5,783,000	£0.36
Forfeited during the year	(420,000)	£0.37
Exercised during the period	-	-
Expired during the period	-	-
Closing balance at 30 June 2007	<u>5,363,000</u>	<u>£0.36</u>
Opening balance at 1 July 2007	5,363,000	£0.36
Granted during the period	4,829,000	£1.04
Forfeited during the year	(272,000)	£ 0.64
Exercised during the period	(1,843,265)	£ 0.38
Expired during the period	-	-
Closing balance at 30 June 2008	<u>8,076,735</u>	<u>£0.76</u>

The weighted average share price for the year ending 30 June 2008 was £1.15.

The weighted average remaining contractual life of the above outstanding options is 3.29 years.

Equity share options	Options	Weighted average exercise price
Opening balance at 1 July 2006	29,273,318	A\$0.53 & £0.42
Granted during the period	2,000,000	£0.41
Forfeited during the year	-	-
Exercised during the period	(19,878,273)	£0.42
Expired during the period	-	-
Closing balance at 30 June 2007	<u>11,395,045</u>	<u>A\$0.53 & £0.39</u>
Opening balance at 1 July 2007	11,395,045	A\$0.53 & £0.39
Granted during the period	1,000,000	£0.88
Forfeited during the year	(2,994,260)	£0.38
Exercised during the period	(8,400,786)	A\$0.53 & £0.34
Expired during the period	-	-
Closing balance at 30 June 2008	<u>1,000,000</u>	<u>£0.88</u>

The weighted average share price for the year ending 30 June 2008 was £1.15.

The weighted average remaining contractual life of the above outstanding options is 2.9 years.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's overall financial risk management strategy is to seek to ensure that the Group is able to fund its business operations and expansion plans.

Exposure to foreign currency risk, interest rate risk, commodity price risk, credit risk, liquidity risk and share price risk arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign exchange rates, interest rates, and commodity prices. To date, no such instruments have been used.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

The following table displays the financial instruments held at the end of the year:

Financial Assets and Liabilities by categories **At 30 June 2008**

	Loans and receivables	Held to maturity investments	At fair value through profit & loss	Financial liabilities measured at amortised cost	Other financial assets and liabilities	Total
Consolidated	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000
<u>Recognised Financial Assets</u>						
Cash & Cash equivalents (note 13)	66,434	905,756	-	-	-	972,190
Trade and other receivables (note 14)	427,434	-	-	-	-	427,434
Prepayments (note 15)	13,382	-	-	-	-	13,382
Deposits (note 20)	2,683	-	-	-	-	2,683
Restricted cash (note 20)	-	22,942	-	-	-	22,942
Total recognised financial assets	<u>509,933</u>	<u>928,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,631</u>
<u>Recognised Financial Liabilities</u>						
Trade and other payables (note 21)	-	-	-	(9,140)	(204,009)	(213,149)
Interest bearing liabilities (note 23)	-	-	-	(90,601)	(2,115)	(92,716)
Total recognised financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,741)</u>	<u>(206,124)</u>	<u>(305,865)</u>
<u>Unrecognised Financial Liabilities</u>						
Un-drawn loan facilities (note 23)	-	-	-	-	(50,000)	(50,000)
Total unrecognised financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Financial Assets and Liabilities by categories At 30 June 2007

	Loans and receivables	Held to maturity investments	At fair value through profit & loss	Financial liabilities measured at amortised cost	Other financial assets and liabilities	Total
Consolidated	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000
<u>Recognised Financial Assets</u>						
Cash & Cash equivalents (note 13)	43,929	-	-	-	-	43,929
Trade and other receivables (note 14)	16,880	-	-	-	-	16,880
Prepayments (note 15)	4,044	-	-	-	-	4,044
Deposits (note 20)	516	-	-	-	-	516
Restricted cash (note 17 & 20)	-	265,771	-	-	-	265,771
Total recognised financial assets	65,369	265,771	-	-	-	331,140
<u>Recognised Financial Liabilities</u>						
Trade and other payables (note 21)	-	-	-	(19,447)	(114,959)	(134,406)
Derivative liability (note 24)	-	-	(63,426)	-	-	(63,426)
Interest bearing liabilities (note 23)	-	-	-	(898,631)	-	(898,631)
Total recognised financial liabilities	-	-	(63,426)	(918,078)	(114,959)	(1,096,463)
<u>Unrecognised Financial Liabilities</u>						
Un-drawn loan facilities (note 23)	-	-	-	-	(5,600)	(5,600)
Total unrecognised financial liabilities	-	-	-	-	(5,600)	(5,600)

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

For all feasibility assessments including expansion planning, raising of debt funding, evaluation of acquisition opportunities and corporate strategy, the Group uses various methods to measure the types of risk to which it is exposed. These methods include cash flow forecasting, sensitivity and breakeven analysis. The Group performs an ageing analysis for credit risk.

Treasury risk management is carried out by a central treasury department (“Treasury”) under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

i) Foreign currency risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities that are denominated in currencies other than the functional currency of each entity in the Group, which is South African Rand (ZAR). In order to hedge this foreign currency risk, the Group may enter into forward foreign exchange, foreign currency swaps and foreign currency option contracts. To date, the Group has not sought to enter into any foreign currency hedging arrangements for \$US denominated sales as South African producers are price setters, and any foreign exchange differences are considered along with other relevant factors at the time of price negotiations. Approximately €58 million of the Groups future capital expenditure requirement is denominated in Euros. The Group has resolved to accumulate foreign currency, preferably in Euros, of up to an amount equating to its estimated uncovered foreign denominated capital requirements.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

The following tables represent the financial assets and liabilities denominated in foreign currencies:

<u>Consolidated</u>	Foreign currency amount		Amount in ZAR		Rate of exchange	
	2008	2007	2008	2007	2008	2007
<u>Financial Assets</u>	'000	'000	ZAR'000	ZAR'000		
Cash and Cash equivalents						
- US\$	13,699	306	109,044	2,163	ZAR/US\$7.96	ZAR/US\$7.07
- Euro	59,091	-	738,638	-	ZAR/€12.50	-
- UK pound sterling	3,097	3,335	49,211	47,290	ZAR/£15.89	ZAR/£14.18
- AUS Dollar	105	1,019	804	6,124	ZAR/A\$7.66	ZAR/A\$6.01
Trade and other receivables						
- US\$	53,410	2,043	425,144	14,444	ZAR/US\$7.96	ZAR/US\$7.07
- UK pound sterling	-	8	-	113	-	ZAR/£14.18
- AUS Dollar	57	158	437	950	ZAR/A\$7.66	ZAR/A\$6.01
<u>Financial</u>						
Trade and other payables						
- UK pound sterling	55	60	874	851	ZAR/£15.89	ZAR/£14.18
- AUS Dollar	522	902	3,999	5,421	ZAR/A\$7.66	ZAR/A\$6.01
Derivative liability						
- UK pound sterling	-	4,473	-	63,427	ZAR/£15.89	ZAR/£14.18

The Group had no foreign currency borrowings at year end (2007: nil).

	Foreign currency amount		Amount in ZAR		Rate of exchange	
	2008	2007	2008	2007	2008	2007
			ZAR'000	ZAR'000		
<u>Financial Assets</u>						
Cash and Cash equivalents						
- Euro	59,091	-	738,638	-	ZAR/€12.50	-
- UK pound sterling	3,097	3,335	49,211	47,290	ZAR/£15.89	ZAR/£14.18
- AUS Dollar	105	1,019	804	6,124	ZAR/A\$7.66	ZAR/A\$6.01
Trade and other receivables						
- UK pound sterling	-	8	-	113	-	ZAR/£14.18
- AUS Dollar	57	158	435	950	ZAR/A\$7.66	ZAR/A\$6.01
<u>Financial Liabilities</u>						
Trade and other payables						
- UK pound sterling	55	60	874	851	ZAR/£15.89	ZAR/£14.18
- AUS Dollar	522	902	3,999	5,421	ZAR/A\$7.66	ZAR/A\$6.01
Derivative liability						
- UK pound sterling	-	3,379	-	47,914	ZAR/£15.89	ZAR/£14.18

The Parent had no foreign currency borrowings at year end (2007: nil).

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

The following table demonstrates the estimated sensitivity to a 10% increase and decrease in the different exchange rates the Group is exposed to, with all other variables held constant, on pre-tax profit. Equity is not affected by changes in foreign currency exchange rates.

	Pre Tax Profit Higher/(Lower)	
	2008 ZAR'000	2007 ZAR'000
Consolidated		
ZAR/USD +10%	53,419	1,660
ZAR/USD - 10%	(53,419)	(1,660)
ZAR/Euro +10%	73,864	-
ZAR/Euro - 10%	(73,864)	-
ZAR/GBP + 10%	4,834	(1,687)
ZAR/GBP - 10%	(4,834)	1,687
Parent		
ZAR/USD +10%	-	-
ZAR/USD - 10%	-	-
ZAR/Euro +10%	73,864	-
ZAR/Euro - 10%	(73,864)	-
ZAR/GBP + 10%	4,834	(136)
ZAR/GBP - 10%	(4,834)	136

Exposure to fluctuations in ZAR/Australian dollar is considered immaterial as the company does not hold large amounts of Australian dollar denominated funds.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

ii) Interest rate risk

The Group is exposed to interest rate movement through variable rate debt and interest bearing investment of surplus funds. Other than for Finance Leases, the Group has no external borrowings at year end (2007: ZAR899 million).

The following table sets out the Variable interest bearing and Fixed interest bearing Financial instruments of the Group:

2008	Consolidated		Parent	
	Variable Interest	Fixed Interest	Variable Interest	Fixed Interest
<u>Financial Assets</u>	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Cash equivalents	972,190	-	815,396	-
Restricted cash	-	22,942	-	-
Financial Liabilities				
Interest bearing liabilities (note 21 & 23)	37,752	61,990	-	-
Total	934,438	(39,048)	815,396	-
2007	Variable Interest	Fixed Interest	Variable Interest	Fixed Interest
<u>Financial Assets</u>	ZAR'000	ZAR'000	ZAR'000	ZAR'000
Cash equivalents	43,929	-	62,582	-
Restricted cash	-	265,771	-	-
Financial Liabilities				
Interest bearing liabilities (note 21 & 23)	843,378	74,701	-	-
Total	(799,449)	191,070	62,582	-

The Group intends to obtain long-term borrowings in the future. Where the Group enters into long term borrowings, the Group will maintain an interest rate structure which reduces the impact of rapidly increasing interest rates on profits.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Based upon the balance of gross debt as at 30 June 2008, if interest rates increase or decreased by 1%, with all other variables held constant, the estimated impact on pre-tax profit would be as shown in the following table. Equity is not directly affected by changes in interest rates.

	Pre Tax Profit Higher/(Lower)	
	2008	2007
	ZAR'000	ZAR'000
<hr/>		
Consolidated		
Interest rates +1%	9,344	(7,994)
Interest rates – 1%	(9,344)	7,994
Parent		
Interest rates +1%	8,154	626
Interest rates – 1%	(8,154)	(626)

iii) Commodity price risk exposure

The price of ferrochrome has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Group's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of ferrochrome, and therefore the financial performance of the Group cannot accurately be predicted. However, the Group may enter into Ferrochrome option contracts to manage its commodity price risk. To date these contracts have not been easily accessible and the Group has not entered into any of these agreements, thus there are no financial instruments exposed to ferrochrome price fluctuations at year end.

iv) Share price risk exposure

The Group has issued share options denominated in GBP. These liabilities are recorded under Derivative Liabilities and are revalued at each reporting period. The factors used in valuation are risk free rate, expected life, dividend yield, volatility and market price.

The volatility and market price are impacted by the market price of the IFL share which may be volatile and subject to wide fluctuations as a result of a variety of factors, including: period-to-period variations in operating results or changes in turnover or profit estimates by the Company, industry participants or financial analysts. The price could also be adversely affected by developments unrelated to the Group's operating performance such as: the operating and share price performance of other companies that investors may consider comparable to the Company; speculation about the Company in the press or the investment community; strategic actions by competitors, such as acquisitions and restructurings; changes in market conditions and regulatory changes.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

The following table reflects the sensitivity on pre tax profit arising on the valuation of the Group's derivative liabilities where share price increases and decreases by 10p and where share price volatility increases and decreases by 5%. Equity is not directly affected by changes in share price and share price volatility.

	Pre Tax Profit Higher/(Lower)	
	2008 ZAR'000	2007 ZAR'000
Consolidated		
Share price + 10p	-	(7,715)
Share price - 10p	-	7,689
Volatility +5%	-	(26)
Volatility -5%	-	-
Parent		
Share price + 10p	-	(5,892)
Share price - 10p	-	5,865
Volatility +5%	-	(26)
Volatility -5%	-	-

Refer to Note 24 for methods and assumptions used.

v) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (note 13) and trade and other receivables (note 14). The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. A provision for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Doubtful debts are written off to the income statement.

Trade Receivables

IFMSA has an off-take agreement with Jisco, the largest steel maker in Northwest China. Under the terms of the agreement entered into in June 2005, Jisco agreed to purchase at least 120,000 tpa of ferrochrome on a take-or-pay basis at a market related price. Jisco also agreed to act as agent for IFMSA to market ferrochrome in China, Taiwan, Japan and Korea.

In addition, IFMSA has a further off-take agreement with CMC Cometals, a division of Commercial Metals Company ("CMC") to purchase 30,000 tpa of ferrochrome, as well as 20,000 tpa of ferrochrome fines, on a take-or-pay basis at a market related price. In addition, CMC acts as an exclusive agent selling the remainder of the Group's ferrochrome production outside Jisco's territories as identified above.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

v) Credit risk (continued)

As a result of the off-take agreements, over 90% of the Group's Trade Receivables relate to sales made to Jisco and Co-Metals, presenting a counterparty concentration of risk. Jisco is a Chinese state owned company and CMC is a New York listed Metals trader with a market capitalisation of US\$3 billion. IFMSA has the option of receiving a provisional payment from its offtake partners of up to 90% of the value of each shipment within 15 working days of any shipment occurring. This provisional payment accrues interest by IFMSA. The balance due, which is payable up to six months later, is jointly determined by the Offtake partners and IFMSA, based on actual prices, costs and factors that affect the landed price of each shipment. The Group does not hold any credit derivatives to offset its credit exposure. No impairment was recognised as IFM considers the Offtake partners to be in a sound financial position. There are no receivables past due and considered impaired.

Cash and Investments

The credit risk policy aims to ensure that the organisation is adequately protected against settlement risk for cash, investments and derivatives by transacting with reputable financial institutions with a minimum Fitch Ratings International long term credit rating of A (or equivalent S&P or Moody's rating) and where applicable, within stated limits. It is noted that the group is not envisaged to hold large cash balances for extended periods of time. At the balance sheet date, cash deposits were spread amongst a number of financial institutions to minimise the risk of default by counterparties.

Other receivables

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The following table sets out the financial assets that are exposed to credit risk:

	Consolidated	Consolidated
	2008	2007
	ZAR'000	ZAR'000
Financial Assets		
Cash & Cash equivalents	972,190	43,929
Trade Receivables	462,919	33,073
Restricted cash	22,942	265,771
Total	1,458,051	342,773

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Set out below is an aging analysis on the Group's Trade Receivables:

	Total	0-30 days	31-60 days PDNI	61-90 days PDNI	91-120 days PDNI	120-150 days PDNI	+150 days CI*
	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000	ZAR'000
2008							
Consolidated	421,875	334,857	38,825	21,266	28,928	-	-
Parent	-	-	-	-	-	-	-
2007							
Consolidated	13,180	3,112	6,219	3,186	663	-	-
Parent	-	-	-	-	-	-	-

* Past due not impaired ('PDNI')

* Considered impaired ('CI')

Credit terms for customers and agents are 30 days from the date of the final invoice. The final invoice is issued once the product is received (average time between product being delivered FOB and to time received by customer is between 3-4 months) and final specification agreed by the customer. Debtors for FOB sales are recognised, in accordance with IAS18 "Revenue", on the Bill Of Lading (BOL) date. The long shipment lead time between BOL date and final invoice date may move certain debtors into the PDNI category. Sales are recognised on "Free On Board" or "at-port".

vi) Liquidity Risk

Liquidity risk is the risk that there will be inadequate funds available to meet financial commitments as they fall due. The Group recognises the ongoing requirement to have committed funds in place to cover both existing business cash flows and reasonable headroom for cyclical debt fluctuations, and capital expenditure programs. The key funding objective is to ensure the availability of flexible and competitively priced funding from alternative sources to meet the Group's current and future requirements. The Group utilizes a detailed cash flow model to manage its liquidity risk.

The Group attempts to accurately project the sources and uses of funds, whereby a framework for decision making is established which increases the effectiveness and efficiency with which the treasury function operates.

The Group's approach is to develop long term relationships with a core group of quality banks. The benefit of this approach is to establish a high degree of confidence and commitment between the parties so that banks are prepared to meet funding requirements at crucial times and at short notice.

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2008 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

Consolidated	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities						
As at 30 June 2008	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000
Trade and other payables	-	204,009	-	-	-	204,009
Finance Leases	-	5,211	15,632	74,191	129,551	224,585
Loans	-	-	-	2,115	-	2,115
Total liabilities 2008	-	209,220	15,632	76,306	129,551	430,709
Liabilities						
As at 30 June 2007						
Trade and other payables	-	114,959	-	-	-	114,959
Finance Leases	-	4,862	14,585	82,817	164,195	266,459
Loans	-	-	119,400	686,628	-	806,028
Derivative liability	-	-	20,994	42,432	-	63,426
Total liabilities 2007	-	119,821	154,979	811,877	164,195	1,250,872

30. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (continued)

Parent	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities						
As at 30 June 2008	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000	ZAR '000
Trade and other payables	-	6,169	-	-	-	6,169
Total liabilities 2008	-	6,169	-	-	-	6,169

Liabilities

As at 30 June 2007

Trade and other payables	-	10,298	-	-	-	10,298
Derivative liability	-	-	5,479	42,432	-	47,911
Total liabilities 2007	-	10,298	5,479	42,432	-	58,209

31. POST BALANCE SHEET EVENTS

The following events occurred after the year ended 30 June 2008:

- Mr Ronald Barnard and Mr Mike Horn resigned in July 2008 and were replaced by Mr Hannes Visser and Mr Willie Bester who between them have over 60 years experience in the construction and operation of semi-closed and closed ferrochrome furnaces.
- The Company commenced construction of an additional Beneficiation plant in August 2008 as part of its phased expansion strategy.
- The Company commenced extraction of Chrome ore from the Skychrome mineral deposit in September 2008.

32. COMMITMENTS AND CONTINGENCIES

Capital commitments

<i>Capital Commitments</i>	2008 ZAR'000	2007 ZAR'000
Contracted for	159,920	13,642
Authorised but not contracted for	8,222	-
	<u>168,142</u>	<u>13,642</u>

At balance date the Company had contractual obligations in relation to phase one of the expansion plans totalling ZAR30.2 million that will be settled within 12 months. Additionally, ZAR116.6 million in respect of the Co-generation project has been committed and will be settled over the next 12 months. The remaining ZAR21.2 million on contractual commitments made by the Company are related to plant maintenance and other projects and will be settled within 12 months.

32. COMMITMENTS AND CONTINGENCIES (continued)

Finance lease commitments

The minimum lease payments under finance lease arrangements are set out in the following table:

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Within 1 year	20,843	19,447	-	-
Between 1 and 5 years	74,191	82,816	-	-
Greater than 5 years	129,551	164,195	-	-
Total future lease payments	224,585	266,458	-	-
Less: future finance charges	(124,844)	(154,408)	-	-
Lease liability	99,741	112,050	-	-
Represented by:				
Current Lease liability	9,140	19,447	-	-
Non-current Lease liability	90,601	92,603	-	-
Lease liability	99,741	112,050	-	-

The present values of lease payments under finance lease arrangements are set out in the following table:

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Within 1 year	9,140	7,286	-	-
Between 1 and 5 years	33,323	35,058	-	-
Greater than 5 years	57,278	69,706	-	-
Lease liability	99,741	112,050	-	-

Contingent liabilities

A claim brought against the company for ZAR37 million by a contractor during the financial year 30 June 2007 has been settled for ZAR10.2 million during the year. There are no contingent liabilities outstanding at 30 June 2008.

33. RELATED PARTY TRANSACTIONS

Loans to Directors and Director-related entities

No loans have been granted to Directors and/or Director-related entities with the exception of the loans disclosed in note 14(b) above.

Refer to Audited Remuneration Report for details of remuneration and arrangements with Key Management Personnel.

The Parent company received management fees from its subsidiary company International Ferro Metals SA (Pty) Limited. Related party transactions exist between the groups. Outstanding amounts at year-end relate to inter-company loans of which the details can be obtained in note 14 (a).

Management fees received by the parent company totalled ZAR16.9 million.

Jiuquan Iron and Steel Group Company (Jisco) owns 28.89% of the Parent company's shares. Sales made to Jisco totalled 105,817 tons and were made in terms of an off take agreement which is set up at arm's length. Value of sales made to Jisco during the year amounted to ZAR901 million.

34. INTEREST IN SUBSIDIARIES

The Company has the following direct interest in subsidiaries:

Name	Country of Incorporation	Ownership interest		Investment
		2008	2007	
International Ferro Metals SA (Pty) Limited	South Africa	98.75%	98.75%	ZAR330 million
Purity Metals Holdings Limited (refer note 23 and 26)	British Virgin Islands	100%	100%	US\$9 million
Sky Chrome Mining (Proprietary) Limited	South Africa	80%	80%	ZAR800
International Ferro Metals SA Holdings (Pty) Limited	South Africa	100%	-	ZAR500 million

35. AUDITORS REMUNERATION

	Consolidated		Parent	
	2008 ZAR'000	2007 ZAR'000	2008 ZAR'000	2007 ZAR'000
Amounts received or due and receivable by Ernst & Young (Australia) for:				
(i) an audit or review of the financial report of the entity and any other entity in the consolidated entity	1,309	384	1,309	384
(ii) equity raising and due diligence services	1,769	2,058	1,769	2,058
	<u>3,078</u>	<u>2,442</u>	<u>3,078</u>	<u>2,442</u>
Amounts received or due by related practices of Ernst & Young (Australia) for:				
(i) an audit or review of the financial report of any other entity in the consolidated entity	986	1,012	-	-
(ii) other assurance services	42	64	-	-
	<u>1,028</u>	<u>1,076</u>	<u>-</u>	<u>-</u>
	<u>4,106</u>	<u>3,518</u>	<u>3,078</u>	<u>2,442</u>