AFRIMAT LIMITED

Reviewed Condensed Provisional Consolidated **Financial Results**

For the year ended 28 February 2009

AFRIMAT LIMITED ("Afrimat" or "the group") (Incorporated in the Republic of South Africa)
Registration Number: 2006/022534/06 Share Code: AFT ISIN Code: ZAE000086302

FOCUSED ON INFRASTRUCTURE

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed 2009 R'000	Audited 2008 R'000	Change %
Revenue	687 091	611 660	12,3
Cost of sales	(525 377)	(435 357)	
Gross profit	161 714	176 303	
Other income	5 054	8 504	
Operating expenses	(71 720)	(47 690)	
Operating profit	95 048	137 117	(30,7)
Investment revenue	4 521	6 031	
Finance costs	(13 223)	(9 176)	
Profit before taxation	86 346	133 972	(35,5)
Taxation	(28 249)	(38 562)	(26,7)
Profit attributable to shareholders	58 097	95 410	(39,1)
Attributable to:			
Ordinary shareholders	57 703	94 950	
Minority interest	394	460	
	58 097	95 410	
Reconciliation of headline earnings:			
Profit attributable to ordinary shareholders	57 703	94 950	
Profit on disposal of property, plant and equipment	(3 682)	(3 268)	
Profit on disposal of subsidiaries	(1 372)	(2 386)	
Impairment of goodwill	110	862	
Impairment of mining rights	–	1 368	
Total tax effects of adjustments	1 316	1 022	
	54 075	92 548	(41,6)
Reconciliation of core headline earnings (as defined):			
Headline earnings	54 075	92 548	
Transaction costs of BEE shareholders change	3 329	–	
Losses of start-up operations	17 999	3 421	
Total tax effects of adjustments	(5 695)	(992)	
	69 708	94 977	(26,6)
Shares in issue:			
Total shares in issue	133 762 412	133 762 738	
Treasury shares	(855 829)	(119 563)	
Net shares in issue	132 906 583	133 643 175	
Net shares in issue:			
March	133 643 175	124 299 497	
April	133 643 175	124 299 497	
May	133 625 365	124 299 497	
June	133 615 257	133 762 738	
July	133 576 909	133 762 738	
August	133 571 909	133 762 738	
September	133 571 909	133 762 738	
October	133 571 909	133 762 738	
November	133 544 409	133 762 738	
December	133 532 909	133 762 738	
January	132 957 909	133 699 113	
February	132 906 583	133 643 175	
Weighted average number of net shares in issue	133 480 118	131 381 662	1,6
Earnings per ordinary share (cents)	43,2	72,3	(40,2)
Headline earnings per share ("HEPS") (cents)	40,5	70,4	(42,5)
Core HEPS (cents)	52,2	72,3	(27,8)

CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 2009 R'000	Audited 2008 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	382 539	309 675
Intangible assets	15 139	15 771
Goodwill	101 332	96 395
Other financial assets	3 728	3 978
Retirement benefit asset	11 792	11 059
	514 530	436 878
Current assets		
Inventories	75 402	59 691
Current tax receivable	10 593	4 551
Trade and other receivables	132 367	120 474
Cash and cash equivalents	21 689	38 820
	240 051	223 536
Total assets	754 581	660 414
EQUITY AND LIABILITIES		
Equity		
Share capital	1 340	1 340
Share premium	325 170	326 116
Business combination adjustment	(105 788)	(105 788)
Treasury shares	(4 120)	(887)
Net issued share capital	216 602	220 781
Other reserves	2 260	935
Retained income	272 077	242 485
Attributable to equity holders of parent	490 939	464 201
Minority interest	2 830	701
Total equity	493 769	464 902
Liabilities		
Non-current liabilities		
Borrowings long-term	58 202	27 420
Deferred tax	53 713	49 096
Provisions	12 009	8 522
	123 924	85 038
Current liabilities		
Borrowings short-term	42 919	37 045
Current tax payable	7 307	13 565
Trade and other payables	73 265	58 610
Bank overdraft	13 397	1 254
	136 888	110 474
Total liabilities	260 812	195 512
Total equity and liabilities	754 581	660 414
Net asset value per share (cents)	369	348

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Reviewed 2009 R'000	Audited 2008 R'000
Attributable to equity holders of parent		
Balance at the beginning of year	464 201	298 081
Issue of shares	–	95
Premium/(adjustment) on shares issued	(946)	80 690
Movement in treasury shares purchased	(3 233)	(887)
Other items	1 327	635
Profit for the year	57 703	94 950
Dividends paid	(28 113)	(9 363)
Total changes	26 738	166 120
Balance at the end of year	490 939	464 201
Minorities		
Balance at the beginning of year	701	25
Disposal equity adjustments	1 735	216
Profit for the year	394	460
Total changes	2 129	676
Balance at the end of year	2 830	701
Total equity	493 769	464 902

CONDENSED CONSOLIDATED SEGMENT REPORT

	Reviewed 2009 R'000	Audited 2008 R'000
Revenue		
External sales		
Aggregates	392 946	364 726
Readymix Concrete	194 370	157 500
Concrete Manufactured Products	99 775	89 434
	687 091	611 660
Intersegment sales		
Aggregates	46 725	37 359
Readymix Concrete	688	4 574
Concrete Manufactured Products	7 623	439
	55 036	42 372
Total revenue		
Aggregates	439 671	402 085
Readymix Concrete	195 058	162 074
Concrete Manufactured Products	107 398	89 873
	742 127	654 032
Operating profit before tax		
Aggregates	57 062	102 082
Readymix Concrete	17 098	15 330
Concrete Manufactured Products	20 402	13 560
Other	486	6 145
	95 048	137 117
Operating profit margins on external revenue (%)		
Aggregates	14,5%	28,0%
Readymix Concrete	8,8%	9,7%
Concrete Manufactured Products	20,4%	15,2%
	13,8%	22,4%
OTHER INFORMATION		
Assets		
Aggregates	464 478	411 980
Readymix Concrete	64 759	53 196
Concrete Manufactured Products	58 300	39 303
Other	167 044	155 935
	754 581	660 414
Liabilities		
Aggregates	129 013	85 738
Readymix Concrete	28 240	26 332
Concrete Manufactured Products	13 933	5 445
Other	89 626	77 997
	260 812	195 512

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed 2009 R'000	Audited 2008 R'000
Cash flows from operating activities		
Cash generated from operations	119 479	114 506
Interest income	4 495	6 011
Dividends received	26	19
Finance costs	(13 223)	(9 176)
Tax paid	(38 190)	(39 937)
Net cash from operating activities	72 587	71 423
Acquisition of property, plant and equipment	(122 269)	(60 484)
Proceeds on sale of property, plant and equipment	21 742	11 046
Proceeds/(purchase) of financial asset	(29)	44 353
Acquisition of businesses	(7 803)	(113 571)
Proceeds on sale of businesses	4 002	6 344
Cash flows from investing activities	(104 357)	(112 312)
Proceeds and premium/(adjustment) on share issue	(946)	58 284
Purchase of treasury shares	(3 233)	(887)
Net movement in borrowings	34 788	(9 984)
Dividends paid	(28 113)	(9 363)
Net cash from financing activities	2 496	38 050
Total cash movement for the year	(29 274)	(2 839)
Cash at the beginning of year	37 566	40 405
Total cash at the end of year	8 292	37 566

NOTES

	Reviewed 2009 R'000	Audited 2008 R'000
1. Dividends		
– Interim dividend paid	6 688	9 363
– Declared final dividend	10 701	21 402
	17 389	30 765
2. Capital commitments		
– Approved capital expenditure to be funded from surplus cash and bank financing	43 327	72 486
3. Depreciation	37 613	33 306
4. Net movement in borrowings		
– Opening balance	64 465	38 357
– New borrowings	89 897	32 027
– Acquired through acquisitions	1 869	36 093
– Repayments	(55 110)	(42 012)
– Closing balance	101 121	64 465

New borrowings utilised to fund part of the acquisition of property, plant and equipment. Borrowings remain below the limit set by the board of directors. The effect of the increased borrowings has no material impact on earnings per share and HEPS.

5. Business acquisition

Business combination included during the year is 100% of Sunshine Crushers (Pty) Limited, from 1 August 2008.

Amounts included are as follows:

	Sunshine Crushers R'000
Carrying amount of net assets	
– Plant and equipment	6 268
– Other	(3 910)
	2 358
Fair value of assets	
– Plant and equipment	6 268
– Other	(3 910)
	2 358
Goodwill	5 723
Purchase consideration in cash	8 081
Profit after tax included in results	1 093
Pro forma profit after tax assuming business combinations for full year	2 619
Pro forma revenue assuming business combinations for full year	9 755

6. Business disposals

Business disposals during the year were 7,3% of Brickrush (Pty) Limited, from 1 March 2008, and 15,0% of AFT Aggregates (Pty) Limited, from 1 May 2008.

	7,3% Brickrush R'000	15% AFT Aggregates R'000
Carrying amount of net assets		
– Plant and equipment	324	–
– Other	1 243	168
	1 567	168
Fair value of assets		
– Plant and equipment	324	–
– Goodwill	806	–
– Other	1 243	168
	2 373	168
Proceeds on disposal	3 834	168
Profit after tax included in results		
– Profit/(loss) on disposal of businesses	1 199	(24)
– Profit after tax for period to disposal date	–	3
	1 199	(21)

7. Other

No material subsequent events occurred between the balance sheet date and the date of this announcement.

A total of 736 266 shares were repurchased during the year and are held as treasury shares.

No material changes in contingent liabilities occurred during the year.

COMMENTARY

INTRODUCTION

The directors hereby present the reviewed condensed provisional consolidated financial results for the year ended 28 February 2009 ("the year"). While the group's operations were impacted during the year by the economic downturn resulting from the international financial crisis, a satisfactory performance from the Readymix Concrete and Concrete Manufactured Products operations offset this to an extent.

A number of organic capacity-enhancement initiatives were successfully completed to position Afrimat to capitalise on infrastructure projects. These included further expanding the group's national footprint into Gauteng, Limpopo and Mpumalanga and the acquisition of Sunshine Crushers in KwaZulu-Natal.

FINANCIAL RESULTS

The Sunshine Crushers acquisition has been included for seven months from the effective date of 1 August 2008. The Malans/Denver and Scottburgh quarries ("the quarries"), acquired in the previous year ended 29 February 2008 ("the previous year"), have been included for the full year. Comparative results for the previous year reflect the results of the quarries for nine months and eight months from the effective dates of acquisition, respectively.

Revenue increased year-on-year to R687,1 million from R611,7 million. However headline earnings were adversely impacted by a number of macro-economic and extraordinary factors including: lower aggregates volumes; once-off start-up expenses at new operations which position the group for future growth; once-off transaction costs relating to changes in BEE shareholding ("BEE costs") and significantly increased diesel costs in the first half of the financial year, which also pressured operating margins.

Core headline earnings

Core headline earnings are defined as headline earnings excluding once-off start-up and BEE costs as well as non-recurring expenses, and therefore offer a more meaningful comparison year-on-year. Core headline earnings of R69,7 million reflect a decrease of 26,6% from R94,9 million in the previous year.

Core HEPS declined from 72,3 cents in the previous year to 52,2 cents.

Headline earnings

Headline earnings decreased by 41,6% to R54,1 million and HEPS by 42,5% to 40,5 cents.

OPERATIONAL REVIEW

"Aggregates" performed below expectations against the backdrop of tough trading conditions. Demand in the Western Cape slowed in line with the province's economic decline, which resulted in lower volumes. This was compounded by delays in municipal authorisation of projects, unusually low expenditure on infrastructure budget by the provincial government and a severe slowdown in residential property development.

Although the division's performance improved in the third quarter of the financial year, it deteriorated in the fourth quarter due to the traditional month-long 'builder's holiday' and the further delay in off-take of large-scale infrastructure projects to April 2009.

The KwaZulu-Natal operations were also impacted by once-off production cost pressures and changes in product mix.

In contrast following the commissioning of the new plant the Denver quarry, which supplies the Port Elizabeth metropole, performed exceptionally well throughout the year.

Afrimat further secured the rights to supply large-scale projects in Gauteng, Limpopo and Mpumalanga. Processing plants have been established in these regions and are now fully operational. These are well-placed to supply government infrastructure projects and significantly boost the division's revenue going forward.

"Readymix Concrete" posted a satisfactory performance, benefitting from higher volumes as a result of exposure to increased government infrastructure development.

"Concrete Manufactured Products" similarly leveraged ongoing government housing projects to record increased volumes.

BUSINESS EXPANSION

New business development is a key component of the group's growth strategy. A dedicated team continues to explore opportunities in existing markets as well as in provinces where high infrastructure spending is projected.

DIVIDEND

A final dividend of 8,0 cents per share (2008: 16,0 cents) has been declared for the year in line with the group's dividend policy of 3 times cover. Despite the performance during the reporting period, the board has decided to declare the final dividend as the cash position of the group has improved since the financial year-end and in anticipation of future growth (See 'Dividend declaration' below).

PROSPECTS

Government's commitment to infrastructure investment continues to stimulate ongoing demand for Afrimat's products, from which the group expects to derive increased volumes.

Business activities in the current year ending 28 February 2010 are expected to improve significantly as large-scale infrastructure projects gather momentum and the benefits of the group's aggressive efficiency improvement programme begin to be realised.

BASIS OF PREPARATION

The reviewed condensed provisional consolidated financial statements for the year have been prepared in compliance with International Financial Reporting Standards (IFRS), IAS 34 and the South African Companies Act 1973. The accounting policies and method of measurement and recognition applied in preparation of these reviewed condensed provisional consolidated financial statements are consistent with those applied in the group's most recent audited annual financial statements for the previous year.

Adjustments to the split of cost of sales/operating expenses were made to be consistent with current disclosure.

AUDITOR'S REVIEW

The condensed provisional consolidated financial statements for the year have been reviewed by the company's auditors, Mazars Moores Rowland. Their unmodified review opinion is available for inspection at the company's registered office.

On behalf of the board

MW von Wielligh — Chairman
AJ van Heerden — Chief Executive Officer

13 May 2009

DIVIDEND DECLARATION

Notice is hereby given that a final dividend, No. 4 of 8,0 cents per share, in respect of the year ended 28 February 2009, was declared on Wednesday, 13 May 2009. Relevant dates are as follows:

Last day to trade *cum* dividend	Friday, 29 May 2009
Commence trading *ex* dividend	Monday, 1 June 2009
Record date	Friday, 5 June 2009
Dividend payable	Monday, 8 June 2009

Share certificates may not be dematerialised or rematerialised between Monday, 1 June 2009 and Friday, 5 June 2009, both dates inclusive.

By order of the board

Routledge Modise Attorneys
Company secretary

13 May 2009

Directors:
MW von Wielligh*^ (Chairman), AJ van Heerden (CEO), HP Verreynne (Financial Director), PG Corbin, L Dotwana*, F du Toit*, M Kaplan*^, HJE van Wyk*^
*Non-executive director ^Independent

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Sponsor:
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Transfer secretaries:
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Company secretary:
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