AFRIMAT LIMITED

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

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the 12 months ended 28 February 2007

Operating margin of 20%	Growth in profit after tax on a 'year-on-year' basis of 46%	HEPS of 58,5 cents	NAV per share of R2,40

CONSOLIDATED BALANCE SHEET
as at 28 February 2007

	Group 2007 R	Group 2006 R
Assets		
Non-current assets		
Property, plant and equipment	**190 531 196**	129 915 460
Intangible assets	**7 040 269**	7 289 901
Goodwill	**39 180 494**	985 561
Other financial assets	**3 501 728**	378 000
Retirement benefit asset	**11 594 254**	–
	251 847 941	138 568 922
Current assets		
Inventories	**35 909 474**	10 950 146
Current tax receivable	**4 349 343**	2 500 407
Trade and other receivables	**66 478 220**	36 202 677
Other financial assets	**44 333 662**	766 262
Cash and cash equivalents	**41 362 383**	15 198 394
	192 433 082	65 617 886
Total assets	**444 281 023**	204 186 808
Equity and liabilities		
Equity		
Share capital	**1 244 995**	2 000
Share premium	**245 425 754**	–
Business combination adjustment	**(105 788 129)**	–
Net issued share capital	**140 882 620**	2 000
Reserves	**335 846**	–
Minority interest	**24 603**	4 255 614
Retained income	**156 863 201**	110 481 663
	298 106 270	114 676 277
Liabilities		
Non-current liabilities		
Other financial liabilities	**68 250**	131 250
Finance lease obligations	**17 483 118**	19 162 712
Deferred tax	**38 243 493**	22 503 260
Provisions	**5 949 922**	–
	61 744 783	41 797 222
Current liabilities		
Loans from shareholders	**–**	1 078 618
Other financial liabilities	**63 000**	670 290
Current tax payable	**12 846 506**	4 448 496
Finance lease obligations	**20 742 622**	14 577 509
Trade and other payables	**47 185 153**	20 888 904
Provisions	**2 635 497**	5 200 065
Bank overdraft	**957 192**	849 427
	84 429 970	47 713 309
Total liabilities	**146 174 753**	89 510 531
Total equity and liabilities	**444 281 023**	204 186 808

CONSOLIDATED INCOME STATEMENT
for the year ended 28 February 2007

	Group 2007 R	Group 2006 R
Revenue	**349 032 479**	309 164 706
Cost of sales	**(249 766 169)**	(242 029 299)
Gross profit	**99 266 310**	67 135 407
Other income	**3 919 020**	1 922 204
Operating expenses	**(33 412 058)**	(9 532 952)
Operating profit	**69 773 272**	59 524 659
Investment revenue	**10 906 535**	1 285 009
Finance costs	**(3 623 153)**	(2 868 104)
Profit before taxation	**77 056 654**	57 941 564
Taxation	**(23 668 315)**	(18 532 755)
Profit for the period	**53 388 339**	39 408 809
Attributable to:		
Ordinary shareholders	**51 709 520**	37 651 149
Minority interest	**1 678 819**	1 757 660
	53 388 339	39 408 809
Reconciliation of headline earnings		
Profit attributable to ordinary shareholders	**51 709 520**	
Profit on disposal of property, plant and equipment	**(140 523)**	
	51 568 997	
Shares in issue		
Eight months to 31/10/06	**70 075 959**	
Four months to 28/02/07	**124 299 497**	
Weighted average number of shares	**88 150 472**	
Earnings per ordinary share (cents)	**58,7**	
Headline earnings per share (cents)	**58,5**	

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 28 February 2007

	Group 2007 R	Group 2006 R
Cash flows from operating activities		
Cash generated from operations	**75 857 903**	49 728 080
Interest income	**10 889 541**	1 285 009
Dividends received	**16 993**	–
Finance costs	**(3 623 154)**	(2 868 104)
Tax paid	**(17 396 047)**	(14 531 981)
Net cash from operating activities	**65 745 236**	33 613 004
Cash flows from investing activities		
Purchase of property, plant and equipment	**(32 681 419)**	(34 499 812)
Sale of property, plant and equipment	**1 899 535**	2 450 600
Acquisition of businesses (cash acquired)	**3 738 637**	(176 559)
Intangible assets acquired	**–**	(1 525 000)
Loans/(advances) repaid	**–**	(1 014 667)
(Purchase)/sale of financial assets	**(43 719 577)**	–
Net cash from investing activities	**(70 762 824)**	(34 765 438)
Cash flows from financing activities		
Proceeds on share issue	**150 000**	–
Premium on shares issued	**69 412 016**	–
Proceeds/(repayment) of other financial liabilities	**(26 394 199)**	–
Proceeds from borrowings	**–**	7 595 345
Finance lease payments	**(5 750 405)**	(852 783)
Repayment of shareholder's loan	**(1 078 618)**	(1 593 122)
Dividends paid	**(5 264 982)**	(4 316 834)
Net cash from financing activities	**31 073 812**	832 606
Total cash movement for the period	**26 056 224**	(319 828)
Cash at the beginning of the period	**14 348 967**	14 668 795
Total cash at end of the period	**40 405 191**	14 348 967

COMMENTARY

INTRODUCTION
The directors are pleased to present the maiden financial results of the group for the year ended 28 February 2007 ("the year"), which reflect profitability ahead of pre-listing forecasts and increased from the previous year. On a pro forma basis, assuming the listing and business combinations had been effected at the beginning of the comparative financial year, profit after tax for 2007 of R67,6 million was up 46,6% from R46,1 million in the comparative year and exceeded forecasts of R63,6 million by 6,3% (see 'Basis of preparation' for the impact of IFRS 3: *Business Combinations* on the reported results).

The year was marked by a number of strategic milestones. On 7 November 2006 black-empowered Afrimat listed on the JSE Limited with a market capitalisation of R1 billion. This followed the earlier merger of industry leaders Lancaster Group (Pty) Limited ("Lancaster") and Prima Quarries (Pty) Limited ("Prima"), which today form the group's key operations. In February 2007 Afrimat announced its acquisition of Cape-based Malans Group and Denver Quarries ("Malans acquisition") as a first step to further national expansion.

BASIS OF PREPARATION
These condensed financial results incorporate extracts from the unaudited group annual financial statements. The group annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 1973. The accounting policies used to prepare the annual financial statements of the group's two subsidiaries Lancaster and Prima are consistent with those applied in the reporting accountant's report published in the pre-listing prospectus dated 30 October 2006.

In applying IFRS 3: *Business Combinations*, Prima has been identified as the acquirer and, consequently, the group annual financial statements are presented as a continuation of the group annual financial statements of Prima. Under this method, the financial statements include the results of Prima for the full twelve months for both the 2007 and 2006 financial years and the results of Lancaster for only a four-month period from the date of listing to 28 February 2007. The pre-listing prospectus set out aggregated annualised forecasts for the 2007 financial year equating to the sum of the results of Prima and Lancaster for the full twelve months. As a result, as per the statement in the pre-listing prospectus, the forecasts set out in the pre-listing prospectus do not provide a meaningful comparison to the reported group results.

GROUP PROFILE
Afrimat is a construction materials supplier, specialising in crushed aggregates, sand, ready-mix concrete, concrete blocks and bricks and mobile crushing services. The group boasts 18 quarries, 12 ready-mix concrete plants and 8 precast factories with its own fleet of 120 ready-mix tipper and delivery trucks.

Prima and Lancaster are leaders in their regions of operation spanning KwaZulu-Natal, Free State, Eastern Cape, Western Cape and Namibia.

REVIEW OF OPERATIONS
South Africa's current construction boom, feeding off infrastructure spend from government and state-owned enterprises to a large extent, positively impacted on the group's results.

Afrimat is a major supplier to the civil engineering and commercial/non-residential building sectors and through Lancaster has a significant market share of the low-cost housing market in Northern KwaZulu-Natal and the Eastern Free State. Growth in this market, which is largely government funded, has not slowed as in the private residential market.

The strategic proximity of Afrimat's quarries to major construction projects was a key driver of new contract work during the year, evidenced by the three-year contract to supply ballast for the Richards Bay coal line.

Afrimat was also awarded a new mining licence for a quarry in Saldanha, ideally positioning the group to supply aggregate to the Sishen-Saldanha iron-ore rail line.

Limited supply of cement and scarcity of skilled labour continued to present a challenge during the year. However, capacity expansions at cement suppliers together with import programmes are expected to alleviate the cement shortage. Afrimat has embarked on an intensive training programme with a view to accelerating the promotion of select employees to middle management positions.

FINANCIAL RESULTS
The group generated revenue of R349,0 million. Profit attributable to shareholders of R51,7 million equated to headline earnings per share ("HEPS") of 58,5 cents per share and earnings per share of 58,7 cents. The group reported net cash from operating activities of R65,7 million with total cash on hand of R40,4 million.

MALANS ACQUISITION
As previously announced on 7 February 2007 Afrimat acquired the Malans Group for R125 million. This will add strategically located quarries and sand mines to Afrimat's portfolio and further boost Prima's entrenched 45 year presence in the Western Cape. The new operations complement Afrimat's existing product ranges particularly in sand and rubble crushing, providing clear synergies to boost future organic growth. Sand, in which Malans holds strong market share in the Western Cape, accounts for 40% of turnover of the Malans Group with quarries and mobile crushing accounting for around 26% and 19%, respectively. The Malans acquisition will also significantly increase Afrimat's equipment and machinery inventory.

The Competition Commission approval for the transaction is due by the close of business today. The Malans acquisition has no impact on the current year's reported results.

PROSPECTS
Outlook for the industry and the company remain buoyant. Planned government infrastructure spend of over R400 billion coupled with parastatal and private expenditure should boost activity in the civil engineering and non-residential/commercial sectors of the construction market. It is anticipated that R32,4 billion of government's budget will be spent on low-cost housing, an area in which Lancaster is a regionally strong player and where the group sees significant organic growth opportunity. The value of Afrimat's future orders for the supply of building materials to low-cost housing projects in these regions currently exceeds R30 million.

Parastatals such as Eskom and Transnet have embarked on significant capital expenditure programmes. Transnet's commitment of R64,5 billion over the next five years includes the allocation of R31,5 billion to Spoornet for the Iron Ore Corridor expansion (rail and Saldanha infrastructure) and the Richards Bay coal line and infrastructure expansion, where Lancaster is the major supplier of ballast and product. Further the group has already secured a number of large scale contracts worth approximately R87 million for the supply of aggregate in the year ahead.

Once approval for the Malans acquisition has been received and integration is completed, the group expects synergies to impact positively on revenue and earnings.

Afrimat is also currently investigating further acquisitions and expansions to boost capacity and enable the group to meet increasing industry demands. Significant volume growth is expected.

DIVIDEND POLICY
In line with policy disclosed in the pre-listing prospectus, no dividend has been declared. The group's targeted dividend policy will be to distribute bi-annually, an interim and final dividend, up to a maximum of one-third of net profit after tax, taking distributable reserves and cash available for distribution into account.

REVIEW OPINION
The group's condensed consolidated financial results for the year ended 28 February 2007 have been reviewed by Moores Rowland. Their unqualified review report is available for inspection at the company's registered office.

APPRECIATION
The group thanks its employees for their loyalty, hard work and commitment which have contributed to the successful listing on the JSE and a good performance. The board also thanks its stakeholders, business partners, suppliers and customers for their ongoing support and faith in the group.

On behalf of the board

MW von Wielligh Chairman **AJ van Heerden** CEO 29 May 2007

CONSOLIDATED CHANGES IN EQUITY
for the year ended 28 February 2007

	Share capital R	Share premium R	Business combination adjustment R	Revaluation reserve R	Retained income R	Minority interest R	Total equity R
Group							
Balance at 1 March 2005	2 000	–	–	222 222	74 622 302	3 202 788	78 049 312
Adjustments – prior period							
Environmental rehabilitation provision	–	–	–	–	(50 000)	–	(50 000)
Deferred taxation	–	–	–	–	(1 052 449)	–	(1 052 449)
Decommissioning and quarry rehabilitation assets raised	–	–	–	–	2 059 661	–	2 059 661
Restated balance at 1 March 2005	**2 000**	–	**–**	**222 222**	**75 579 414**	**3 202 788**	**79 006 524**
Changes							
Share options granted	–	–	–	577 778	–	–	577 778
Transfers – statutory	–	–	–	(800 000)	800 000	–	–
Profit for the year	–	–	–	–	37 651 149	1 757 660	39 408 809
Dividends	–	–	–	–	(3 612 000)	(704 834)	(4 316 834)
Total changes	–	–	–	(222 222)	34 839 149	1 052 826	35 669 753
Balance at 28 February 2006	2 000	–	–	–	110 418 663	4 255 614	114 676 277
Changes							
Dividends paid before business combination	–	–	–	–	(5 264 982)	–	(5 264 982)
Acquisition equity adjustments	–	–	–	–	–	(5 909 830)	(5 909 830)
Derecognition of negative goodwill	–	–	–	–	–		–
Net income (expenses) recognised directly in equity	–	–	–	335 846	–	–	335 846
Fair value adjustment on available-for-sale financial assets	–	–	–	392 802	–	–	
Fair value adjustment on available-for-sale financial assets	–	–	–	(56 956)	–	–	
Profit for the year	–	–	–	–	51 709 520	1 678 819	53 388 339
Issue of shares	1 242 995	–	–	–	–	–	1 242 995
Premium on shares issued	–	245 425 754	–	–	–	–	245 425 754
IFRS 3 Business combination adjustment	–	–	(105 788 129)	–	–	–	(105 788 129)
Total changes	1 242 995	245 425 754	(105 788 129)	335 846	46 444 538	(4 232 196)	183 429 993
Balance at 28 February 2007	1 244 995	245 425 754	(105 788 129)	335 846	156 863 201	24 603	298 106 270

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