

# Unaudited condensed consolidated interim financial results for the six months ended 31 August 2012

## Delivering consistent growth

# AFRIMAT

Afrimat Limited ("Afrimat" or "the company" or "the group") (Incorporated in the Republic of South Africa)  
(Registration number: 2006/022534/06) Share code: AFT ISIN code: ZAE000086302

■ Revenue up 32,5% ■ HEPS up 17,4% to 35,0 cents per share ■ Net cash from operating activities up 64,8%  
■ Net debt:equity ratio 5,3% ■ NAV of 504 cents per share ■ Interim dividend 8 cents per share ■ Clinker Group acquired

Condensed consolidated income statement				
	Unaudited six months ended 31 August 2012 R'000	Reviewed six months ended 31 August 2011 R'000	Change %	Audited year ended 29 February 2012 R'000
Revenue	671 349	506 717	32,5	996 137
Cost of sales	(510 230)	(385 009)		(749 841)
Gross profit	161 119	121 708	32,4	246 296
Other income	355	4 714		7 893
Operating expenses	(85 851)	(60 901)		(124 059)
<b>Operating profit</b>	<b>75 623</b>	<b>65 521</b>	<b>15,4</b>	<b>130 130</b>
Investment revenue	5 014	4 462		10 267
Finance costs	(7 541)	(5 533)		(10 546)
Share of profit of associate	33	17		42
<b>Profit before taxation</b>	<b>73 129</b>	<b>64 467</b>	<b>13,4</b>	<b>129 893</b>
Taxation	(22 526)	(19 584)	15,0	(38 976)
<b>Profit attributable to shareholders</b>	<b>50 603</b>	<b>44 883</b>	<b>12,7</b>	<b>90 917</b>
Attributable to:				
Owners of the parent	50 182	44 579		90 250
Non-controlling interests	421	304		667
	50 603	44 883		90 917
<b>Shares in issue:</b>				
Total shares in issue	143 262 412	143 262 412		143 262 412
Treasury shares	(104 240)	(5 806 638)		(6 145 174)
Net shares in issue	143 158 172	137 455 774		137 117 238
Weighted average number of net shares in issue	142 593 027	137 457 107		137 371 771
Diluted weighted average number of shares	146 178 128	139 483 285		140 583 947
Earnings per ordinary share (cents)	35,2	32,4	8,6	65,7
Diluted earnings per ordinary share (cents)	34,3	32,0	7,2	64,2

Reconciliation of headline earnings				
	Unaudited six months ended 31 August 2012 R'000	Reviewed six months ended 31 August 2011 R'000	Change %	Audited year ended 29 February 2012 R'000
Profit attributable to owners of the parent	50 182	44 579		90 250
Profit on disposal of property, plant and equipment	(355)	(4 714)		(5 280)
Reclassification of profit on disposal of financial instruments	-	-		(245)
Impairment of goodwill	-	337		337
Total tax effects of adjustments	100	808		999
	49 927	41 010	21,7	86 061
Headline earnings per ordinary share "HEPS" (cents)	35,0	29,8	17,4	62,6
Diluted HEPS (cents)	34,2	29,4	16,3	61,2

Condensed consolidated statement of comprehensive income				
	Unaudited six months ended 31 August 2012 R'000	Reviewed six months ended 31 August 2011 R'000	Change %	Audited year ended 29 February 2012 R'000
<b>Profit for the period</b>	<b>50 603</b>	<b>44 883</b>	<b>12,7</b>	<b>90 917</b>
<b>Other comprehensive income</b>				
Net change in fair value of available-for-sale financial assets	394	(14)		104
Net change in fair value of available-for-sale financial assets transferred to profit and loss	-	-		(245)
Income tax on other comprehensive income	(11)	1		(30)
	383	(13)		(171)
<b>Total comprehensive income for the period</b>	<b>50 986</b>	<b>44 870</b>	<b>13,6</b>	<b>90 746</b>
Attributable to:				
Owners of the parent	50 565	44 566		90 079
Non-controlling interests	421	304		667
	50 986	44 870		90 746

Condensed consolidated statement of financial position				
	Unaudited 31 August 2012 R'000	Reviewed 31 August 2011 R'000	Change %	Audited 29 February 2012 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	498 750	419 449		425 906
Intangible assets	22 046	13 490		13 160
Goodwill	137 452	101 195		101 195
Investment in associate	43	20		44
Other financial assets	82 972	83 051		83 601
Deferred tax	2 166	6 672		5 406
	743 429	623 877		629 312
<b>Current assets</b>				
Inventories	89 444	84 282		71 827
Current tax receivable	3 109	3 451		3 133
Trade and other receivables	231 790	200 702		163 548
Cash and cash equivalents	123 877	92 374		132 557
	448 220	380 809		371 065
<b>Total assets</b>	<b>1 191 649</b>	<b>1 004 686</b>		<b>1 000 377</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	1 435	1 435		1 435
Share premium	347 787	352 150		352 150
Business combination adjustment	(105 788)	(105 788)		(105 788)
Treasury shares	(635)	(18 988)		(20 559)
Net issued share capital	242 799	228 809		227 238
Other reserves	7 578	3 765		5 495
Retained income	467 236	398 127		435 564
Attributable to equity holders of parent	717 613	630 701		668 297
Non-controlling interests	4 030	3 511		3 609
<b>Total equity</b>	<b>721 643</b>	<b>634 212</b>		<b>671 906</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings long term	79 938	49 716		44 838
Deferred tax	82 549	67 050		70 354
Provisions	32 510	31 089		31 260
Retirement benefit liability	-	2 367		-
	194 997	150 222		146 452
<b>Current liabilities</b>				
Borrowings short term	64 819	36 048		36 752
Current tax payable	18 455	12 205		10 068
Trade and other payables	174 300	143 378		117 052
Bank overdraft	17 435	28 621		18 147
	275 009	220 252		182 019
<b>Total liabilities</b>	<b>470 006</b>	<b>370 474</b>		<b>328 471</b>
<b>Total equity and liabilities</b>	<b>1 191 649</b>	<b>1 004 686</b>		<b>1 000 377</b>
Net asset value per share (cents)	504	443		469
Tangible net asset value per share (cents)	392	363		389

Condensed consolidated statement of cash flows				
	Unaudited six months ended 31 August 2012 R'000	Reviewed six months ended 31 August 2011 R'000	Change %	Audited year ended 29 February 2012 R'000
<b>Cash flows from operating activities</b>				
Cash generated from operations	94 261	62 056		171 049
Interest income	6 085	4 974		9 988
Dividends received	35	22		22
Finance costs	(6 887)	(5 533)		(9 238)
Tax paid	(6 634)	(8 807)		(25 478)
<b>Net cash from operating activities</b>	<b>86 860</b>	<b>52 712</b>		<b>146 343</b>
Acquisition of property, plant and equipment	(45 165)	(39 601)		(71 932)
Proceeds on sale of property, plant and equipment	4 342	13 939		17 181
Purchase of financial asset	(47)	-		(253)
Proceeds on sale of financial asset	-	-		612
Acquisition of businesses (note 8)	(85 762)	-		-
<b>Net cash from investing activities</b>	<b>(126 632)</b>	<b>(25 662)</b>		<b>(54 392)</b>
Purchase of treasury shares	(5 714)	(2 189)		(3 760)
Net movement in borrowings (note 5)	56 028	(5 123)		(9 297)
Dividends paid (note 2)	(18 510)	(15 120)		(23 619)
<b>Net cash from financing activities</b>	<b>31 804</b>	<b>(22 432)</b>		<b>(36 676)</b>
Total cash movement for the period	(7 968)	4 618		55 275
Cash at the beginning of the period	114 410	59 135		59 135
<b>Total cash at the end of the period</b>	<b>106 442</b>	<b>63 753</b>		<b>114 410</b>

Condensed consolidated statement of changes in equity											
	Share capital R'000	Share premium R'000	Treasury shares R'000	Business combination adjustment R'000	Other reserves R'000	Retained income R'000	Non-controlling interests R'000	Total equity R'000			
<b>Balance at 1 March 2011</b>	1 435	352 150	(16 799)	(105 788)	2 692	368 668	3 207	605 565			
Changes:											
Share-based payments	-	-	-	-	1 086	-	-	1 086			
Movement in treasury shares	-	-	(2 189)	-	-	-	-	(2 189)			
Profit for the period	-	-	-	-	-	44 579	304	44 883			
Other comprehensive income for the period	-	-	-	-	(13)	-	-	(13)			
Dividends paid	-	-	-	-	-	(15 120)	-	(15 120)			
<b>Balance at 31 August 2011</b>	1 435	352 150	(18 988)	(105 788)	3 765	398 127	3 511	634 212			
<b>Balance at 1 March 2012</b>	1 435	352 150	(16 799)	(105 788)	2 692	368 668	3 207	605 565			
Changes:											
Share-based payments	-	-	-	-	2 974	-	-	2 974			
Movement in treasury shares	-	-	(3 760)	-	-	-	-	(3 760)			
Profit for the year	-	-	-	-	-	90 250	667	90 917			
Other comprehensive income for the year	-	-	-	-	(171)	-	-	(171)			
Dividends paid	-	-	-	-	-	(23 354)	(265)	(23 619)			
<b>Balance at 29 February 2012</b>	1 435	352 150	(20 559)	(105 788)	5 495	435 564	3 609	671 906			
Changes:											
Share-based payments	-	-	-	-	1 700	-	-	1 700			
Movement in treasury shares	-	(4 363)	19 924	-	-	-	-	15 561			
Profit for the period	-	-	-	-	-	50 182	421	50 603			
Other comprehensive income for the period	-	-	-	-	383	-	-	383			
Dividends paid	-	-	-	-	-	(18 510)	-	(18 510)			
<b>Balance at 31 August 2012</b>	1 435	347 787	(635)	(105 788)	7 578	467 236	4 030	721 643			

Condensed consolidated segment report						
	Split six months ended 31 August 2012 %	Unaudited six months ended 31 August 2012 R'000	Split six months ended 31 August 2011 %	Reviewed six months ended 31 August 2011 R'000	Split year ended 29 February 2012 %	Audited year ended 29 February 2012 R'000
<b>Revenue</b>						
External sales						
Mining & Aggregates	66	439 942	71	358 418	70	704 509
Concrete Products	20	134 017	12	59 484	12	116 112
Readymix	14	97 390	17	88 815	18	175 516
	100	671 349	100	506 717	100	996 137
Intersegment sales						
Mining & Aggregates	85	32 576	85	20 853	86	41 886
Concrete Products	14	5 403	14	3 300	12	5 990
Readymix	1	145	1	284	2	1 057
	100	38 124	100	24 437	100	48 933
Total revenue						
Mining & Aggregates	67	472 518	71	379 271	71	746 395
Concrete Products	19	139 420	12	62 784	12	122 102
Readymix	14	97 535	17	89 099	17	176 573
	100	709 473	100	531 154	100	1 045 070
<b>Operating profit before tax</b>						
Mining & Aggregates	79	59 398	89	57 993	85	110 809
Concrete Products	16	12 714	11	7 433	11	13 852
Readymix	5	3 861	2	1 403	6	8 653
Other	-	(350)	(2)	(1 308)	(2)	(3 184)
	100	75 623	100	65 521	100	130 130
<b>Operating profit margins on external revenue (%)</b>						
Mining & Aggregates		13,5		16,2		15,7
Concrete Products		9,5		12,5		11,9
Readymix		4,0		1,6		4,9
		11,3		12,9		13,1
<b>Other Information</b>						
<b>Assets</b>						
Mining & Aggregates	55	654 555	57	576 991	55	543 750
Concrete Products	10	121 761	7	65 491	7	69 026
Readymix	5	57 796	7	68 750	5	54 119
Other	30	357 537	29	293 454	33	333 482
	100	1 191 649	100	1 004 686	100	1 000 377

### Commentary

**BASIS OF PREPARATION**  
The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2012 ("the period") have been prepared in accordance with the framework concepts and the recognition and measurement criteria of the International Financial Reporting Standards ("