

REVIEWED CONSOLIDATED INTERIM FINANCIAL RESULTS for the six months ended 31 August 2007



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

**Unaudited
pro forma
HEPS
up 23%**

**Operating
margin
of 23,9%**

**NAV of
318 cents
per share**

**Strong
organic
growth**

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed six months ended 31 August 2007 R'000	Unaudited six months ended 31 August 2006 R'000	Change %	Audited year ended 28 February 2007 R'000
Revenue	281 458	153 567	83	349 032
Operating profit	67 381	36 189	86	69 773
Investment revenue	3 458	631		10 906
Finance costs	(4 163)	(1 646)		(3 623)
Profit before taxation	66 676	35 174	90	77 056
Taxation	(20 231)	(11 177)	81	(23 668)
Profit attributable to shareholders	46 445	23 997	94	53 388
Attributable to:				
Ordinary shareholders	46 298	22 837		51 709
Minority interest	147	1 160		1 679
	46 445	23 997		53 388
Reconciliation of headline earnings:				
Profit attributable to ordinary shareholders	46 298	22 837		51 709
Net profit on disposal of property, plant and equipment	(111)	(163)		(141)
Provision for impairment losses	1 368	-		-
	47 555	22 674	110	51 568
Shares in issue:				
Three months to 31 May	124 299 497	70 075 959		
Three months to 31 August	133 762 738	70 075 959		
Eight months to 31 October				70 075 959
Four months to 28 February				124 299 497
Weighted average number of shares in issue	129 031 118	70 075 959*	84	88 150 472
Earnings per ordinary share (cents)	35,9	32,6	10	58,7
Headline earnings per share "HEPS" (cents)**	36,9	32,4	14	58,5

* The number of shares in issue for the comparative period in terms of IFRS 3 "Business Combinations" is the number of ordinary shares issued by the legal parent Afrimat Limited to the owners of the legal subsidiary Prima Quarries (Proprietary) Limited.

** UNAUDITED PRO FORMA HEADLINE EARNINGS

	Unaudited six months ended 31 August 2007 R'000	Unaudited six months ended 31 August 2006 R'000	Change %
Pro forma headline earnings	55 631	45 337	23
Pro forma weighted average number of shares in issue	133 762 738	133 762 738	
Pro forma headline earnings per share (cents)	41,6	33,9	23

CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 31 August 2007 R'000	Unaudited 31 August 2006 R'000	Audited 28 February 2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	309 364	137 496	190 531
Intangible assets	15 553	6 874	7 040
Goodwill	93 850	990	39 181
Other financial assets	3 590	-	3 502
Deferred taxation	787	999	-
Retirement benefit asset	11 594	-	11 594
	434 738	146 359	251 848
Current assets			
Inventories	52 489	20 369	35 909
Current tax receivable	3 333	276	4 349
Trade and other receivables	111 394	50 001	66 479
Other financial assets	2 466	818	44 334
Cash and cash equivalents	71 447	23 706	41 362
	241 129	95 170	192 433
Total assets	675 867	241 529	444 281
EQUITY AND LIABILITIES			
Equity			
Share capital	1 340	2	1 245
Share premium	326 116	-	245 425
Business combination adjustment	(105 788)	-	(105 788)
Net issued share capital	221 668	2	140 882
Other reserves	336	-	336
Minority interest	320	5 415	25
Retained income	203 161	128 076	156 863
	425 485	133 493	298 106
Liabilities			
Non-current liabilities			
Other financial liabilities	2 051	100	68
Finance lease obligations	33 610	15 931	17 483
Deferred tax	50 636	25 255	38 244
Provisions	7 639	3 654	5 950
	93 936	44 940	61 745
Current liabilities			
Loans from shareholders	-	1 054	-
Other financial liabilities	3 051	112	63
Current tax payable	23 121	10 241	12 847
Finance lease obligations	40 549	16 602	20 743
Trade and other payables	85 580	32 587	47 185
Provisions	3 942	2 500	2 635
Bank overdraft	203	-	957
	156 446	63 096	84 430
Total liabilities	250 382	108 036	146 175
Total equity and liabilities	675 867	241 529	444 281
Net asset value per share	3,18	1,90	2,40

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Reviewed six months ended 31 August 2007 R'000	Unaudited six months ended 31 August 2006 R'000	Audited year ended 28 February 2007 R'000
Balance at the beginning of period	298 106	114 676	114 676
Issue of shares	95	-	1 243
Premium on shares issued	80 690	-	245 426
IFRS 3 business combination adjustment	-	-	(105 788)
Other items	149	-	(10 839)
Profit for the year	46 445	23 997	53 388
Pre-listing dividend declared	-	(5 180)	-
Total changes	127 379	18 817	183 430
Balance at the end of period	425 485	133 493	298 106

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed six months ended 31 August 2007 R'000	Unaudited six months ended 31 August 2006 R'000	Audited year ended 28 February 2007 R'000
Cash flows from operating activities			
Cash generated from operations	89 220	32 403	75 858
Interest income	3 446	631	10 889
Dividends received	12	-	17
Finance costs	(4 163)	(86)	(3 623)
Tax paid	(11 137)	(1 399)	(17 396)
Net cash from operating activities	77 378	31 549	65 745
Cash flows from investing activities	(94 008)	(13 945)	(70 763)
Net cash from financing activities	47 469	(8 247)	31 074
Total cash movement for the period	30 839	9 357	26 056
Cash at the beginning of year	40 405	14 349	14 349
Total cash at the end of period	71 244	23 706	40 405

CONSOLIDATED SEGMENTAL REPORT

	Reviewed six months ended 31 August 2007 R'000	Unaudited six months ended 31 August 2006 R'000	Audited year ended 28 February 2007 R'000
Revenue			
External sales			
Aggregates	160 777	94 389	198 700
Ready mix concrete	77 402	54 216	118 796
Precast cement products	43 279	4 962	31 536
Total	281 458	153 567	349 032
Intersegment sales			
Aggregates	9 939	9 448	25 099
Ready mix concrete	223	-	257
Precast cement products	48	1	12
Total	10 210	9 449	25 368
Total revenue	170 716	103 837	223 799
Aggregates	77 625	54 216	119 053
Ready mix concrete	43 327	4 963	31 548
Precast cement products	291 668	163 016	374 400
Operating profit before tax			
Aggregates	54 454	30 647	49 529
Ready mix concrete	7 282	5 296	13 211
Precast cement products	6 571	246	3 612
Other	(926)	-	3 421
Total	67 381	36 189	69 773
Other information			
Assets			
Aggregates	454 645	195 659	226 686
Ready mix concrete	56 165	39 651	40 706
Precast cement products	70 589	6 219	31 857
Other	94 468	-	145 032
Consolidated total assets	675 867	241 529	444 281
Liabilities			
Aggregates	204 529	84 652	51 566
Ready mix concrete	29 788	21 312	21 916
Precast cement products	39 400	2 072	11 701
Other	(23 335)	-	60 992
Consolidated total liabilities	250 382	108 036	146 175
Notes			
1. Proposed interim dividend	9 363	-	-
2. Capital commitments	10 054	-	32 519
3. Cost of sales, operating expenses and other income	214 077	117 378	279 259
4. Business combinations included during the period are the Malans/Denver group, from 1 June 2007, and Scottburgh/Maritzburg group, from 1 July 2007. Amounts included are as follows:			

	Malans group	Denver Quarries	Scottburgh/ Maritzburg
Carrying amount of net assets			
- Property	6 857	-	5 037
- Plant and equipment	41 379	31 206	1 900
- Mining rights	-	1 368	-
- Other	1 226	(17 606)	(457)
	49 462	14 968	6 480
Fair value of assets			
- Property	20 676	-	5 037
- Plant and equipment	41 379	31 206	1 900
- Mining rights	-	1 368	8 513
- Other	(777)	(17 606)	(457)
	61 278	14 968	14 993
Goodwill	14 825	37 944	1 900
Purchase consideration	76 103	52 912	16,893
Profit after tax included in results	6 837	(1 161)	-
Pro forma profit after tax assuming business combinations for full six month period	11 846	1 857	303

Purchase consideration for Malans/Denver group was partly paid in shares (30%). Share price was determined at the agreement date and based on the volume weighted average price on the JSE on 23 November 2006 less 10% discount. Intangible assets acquired that cannot be measured reliably are reflected as goodwill.

COMMENTARY

INTRODUCTION

The directors are pleased to present the reviewed consolidated interim results for the six months ended 31 August 2007 ("the period"). The group's operations performed well across the board. Afrimat further successfully concluded two strategic acquisitions.

FINANCIAL RESULTS

Headline earnings increased by 110% to R47,6 million and headline earnings per share by 14% to 36,9 cents. Operating margins improved to an impressive 23,9%. Unaudited pro forma headline earnings per share increased by 23% assuming Lancaster group and new acquisitions are included for the full six month period ended 31 August 2007 (41,6 cents) and for the entire comparative period ended 31 August 2006 (33,9 cents).

The Malans Quarries and Scottburgh acquisitions (see "Acquisitions" below) have been included for three and two months, respectively, from the effective dates of conclusion of the respective acquisitions following delays in obtaining Competition Commission approval.

The comparative results for the six months ended 31 August 2006 only reflect the results of the Prima group in terms of the requirements of IFRS 3 "Business Combinations". Lancaster group has been included in the results for the six months ended 31 August 2007.

The weighted number of shares in issue increased to 129 million during the period as a result of shares issued as part settlement of the purchase consideration for the Malans Quarries acquisition and to fund future expansion.

OPERATIONAL REVIEW

"Aggregates" delivered operating profit in line with expectations. Increased sales volumes and pricing can be attributed to spiralling demand. "Ready mix concrete" was impacted by intensifying price competition in the Western Cape as well as exceptionally harsh winter conditions which stunted growth in supply of all products in the region.

During the period quarries were commissioned in Kommetjie and Saldanha Bay in the Western Cape and a non-profitable quarry in Oudtshoorn was closed.

Constrained cement supply in KwaZulu-Natal and the Free State during the first three months of the period has now been alleviated by the commissioning of new capacity by Natal Portland Cement.

ACQUISITIONS

Malans/Denver Quarries ("Malans Quarries")

As announced on 7 February 2007, Afrimat acquired the Malans group and Denver Quarries (Pty) Limited, together comprising a number of quarry operations and sand mines in the Western Cape peninsula, Jeffrey's Bay area and in Port Elizabeth, as well as mobile crushing operations, for R129 million. The acquisition added strategically located quarries and sand mines to Afrimat's portfolio, further boosting the group's entrenched 44 year presence in the region.

Scottburgh/Maritzburg ("Scottburgh")

As announced on 16 July 2007, Afrimat acquired certain quarrying operations and concrete block manufacturing and land holding businesses ("Scottburgh quarries"). The two quarries, strategically located in Scottburgh and Pietermaritzburg, and a concrete block and brick factory in KwaZulu-Natal boosted Afrimat's total quarry portfolio to 22 and block and brick factories to eight. The quarry in Pietermaritzburg which was dormant when acquired, has been brought onstream with production commencing successfully using state-of-the-art mobile equipment. The acquisition of the Scottburgh quarries was key to the group's strategy of strengthening its position in metropolitan areas to drive growth. The new block plant has augmented the group's existing operations in the region and enabled Afrimat to escalate its supply of concrete blocks and bricks to the lucrative low-cost housing market south of Durban.

Integration of the Malans Quarries and Scottburgh acquisitions and upgrading of production capabilities are progressing well in line with strategy. Strong growth is expected from the acquisitions due to their respective strategic positioning close to major markets.

BASIS OF PREPARATION

The reviewed consolidated interim financial statements for the six months ended 31 August 2007 have been prepared in compliance with International Accounting Standard (IAS 34) "Interim Financial Reporting". The accounting policies and method of measurement and recognition applied in preparation of the consolidated interim financial statements are consistent with those applied in the group's annual financial statements for the year ended 28 February 2007, which comply with International Financial Reporting Standards (IFRS).

DIVIDEND

A dividend of 7,0 cents per share has been declared for the period in line with the group's dividend policy (2007: Nil) (see "Dividend declaration" below).

AUDITOR'S REVIEW

The consolidated interim financial statements for the six months ended 31 August 2007 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. The comparative interim financial information for the six month period ended 31 August 2006 has not been audited or reviewed.

DIRECTORATE

Hennie van Wyk retired as Financial Director effective 1 October 2007 and will remain a non-executive director on Afrimat's board. Effective 1 October 2007 Hendrik Verreyne was appointed as Afrimat's Financial Director.

PROSPECTS

Government's and private sector's commitment to infrastructure, housing and construction continues to drive significant industry growth, stimulating ongoing demand for Afrimat's products.

Earnings in the second half of the year to February 2008 are expected to reflect the benefits of continually increasing demand and the inclusion for the full six months of the Malans Quarries and Scottburgh acquisitions. Notwithstanding that the second half of the year is traditionally adversely impacted by the month period of "builders' holidays", the directors are confident that Afrimat will deliver growth in earnings for the full year to 28 February 2008.

On behalf of the board

MW VON WIELLIGH

Chairman

30 October 2007

AJ VAN HEERDEN

Chief Executive Officer

Dividend declaration

Notice is hereby given that an interim dividend, No. 1 of 7,0 cents per share, in respect of the six months ended 31 August 2007, was declared on Monday, 29 October 2007. Relevant dates are as follows:

Last day to trade cum dividend Friday, 16 November 2007

Commence trading ex dividend Monday, 19 November 2007

Record date Friday, 23 November 2007

Dividend payable Monday, 26 November 2007

Share certificates may not be dematerialised or rematerialised between Monday, 19 November 2