

- HEPS up 20,4%
- NAV of 348 cents per share
- Operating margin of 22,4%
- Geared for growth

Construction materials for Southern Africa

CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed 2008 R'000	Audited 2007 R'000	Change %
Revenue	611 660	349 032	75,2
Cost of sales	(415 841)	(249 766)	
Gross profit	195 819	99 266	
Other income	8 504	3 919	
Operating expenses	(67 206)	(33 412)	
Operating profit	137 117	69 773	96,5
Investment revenue	6 031	10 906	
Finance costs	(9 176)	(3 623)	
Profit before taxation	133 972	77 056	73,9
Taxation	(38 562)	(23 668)	62,9
Profit attributable to shareholders	95 410	53 388	78,7
Attributable to:			
Ordinary shareholders	94 950	51 709	
Minority interest	460	1 679	
	95 410	53 388	
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	94 950	51 709	
Profit on disposal of property, plant and equipment net of tax	(2 321)	(141)	
Profit on disposal of subsidiaries net of tax	(2 311)	–	
Impairment of goodwill	862	–	
Impairment of mining rights	1 368	–	
	92 548	51 568	79,5
Shares in issue			
Total shares in issue	133 762 738	124 299 497	
Treasury shares	(119 563)	–	
Net shares in issue	133 643 175	124 299 497	
Net shares in issue			
Three months to 31 May	124 299 497	70 075 959	
Five months to 31 October	133 762 738	70 075 959	
Two months to 31 December	133 762 738	124 299 497	
One month to 31 January	133 699 113	124 299 497	
One month to 29 February	133 643 175	124 299 497	
Weighted average number of net shares in issue	131 381 662	88 150 472	49,0
Earnings per ordinary share (cents)	72,3	58,7	23,2
Headline earnings per share (cents)	70,4	58,5	20,4

CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 2008 R'000	Audited 2007 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	309 675	190 531
Intangible assets	15 771	7 040
Goodwill	96 395	39 181
Other financial assets	3 978	3 502
Retirement benefit asset	11 059	11 594
	436 878	251 848
Current assets		
Inventories	59 691	35 909
Current tax receivable	4 551	4 349
Trade and other receivables	120 474	66 479
Other financial assets	–	44 334
Cash and cash equivalents	38 820	41 362
	223 536	192 433
Total assets	660 414	444 281
EQUITY AND LIABILITIES		
Equity		
Share capital	1 340	1 245
Share premium	326 116	245 425
Business combination adjustment	(105 788)	(105 788)
Treasury shares	(887)	–
Net issued share capital	220 781	140 882
Other reserves	935	336
Retained income	242 485	156 863
Attributable to equity holders of parent	464 201	298 081
Minority interest	701	25
Total equity	464 902	298 106
Liabilities		
Non-current liabilities		
Borrowings	27 420	17 551
Deferred tax	49 096	38 244
Provisions	8 522	5 950
	85 038	61 745
Current liabilities		
Borrowings	37 045	20 806
Current tax payable	13 565	12 847
Trade and other payables	58 610	49 820
Bank overdraft	1 254	957
	110 474	84 430
Total liabilities	195 512	146 175
Total equity and liabilities	660 414	444 281
Net asset value per share (cents)	348	240

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Reviewed 2008 R'000	Audited 2007 R'000
Attributable to equity holders of parent		
Balance at the beginning of year	298 081	110 420
Issue of shares	95	1 243
Premium on shares issued	80 690	245 426
IFRS3 business combination adjustment	–	(105 788)
Movement in treasury shares purchased	(887)	–
Other items	635	(4 929)
Profit for the year	94 950	51 709
Dividends paid	(9 363)	–
Total changes	166 120	187 661
Balance at the end of year	464 201	298 081
Minorities		
Balance at the beginning of year	25	4255
Acquisition equity adjustments	216	(5 909)
Profit for the year	460	1 679
Total changes	676	(4 230)
Balance at the end of year	701	25
Total equity	464 902	298 106

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Reviewed 2008 R'000	Audited 2007 R'000
Cash flows from operating activities		
Cash generated from operations	114 506	75 858
Interest income	6 011	10 889
Dividends received	19	17
Finance costs	(9 176)	(3 623)
Tax paid	(39 937)	(17 396)
Net cash from operating activities	71 423	65 745
Acquisition of property, plant and equipment	(60 484)	(32 681)
Proceeds on sale of property, plant and equipment	11 046	1 899
Proceeds/(purchase) of financial asset	44 353	(43 720)
Acquisition of businesses	(113 571)	3 739
Proceeds on sale of businesses	6 344	–
Cash flows from investing activities	(112 312)	(70 763)
Proceeds and premium on share issue	58 284	69 562
Purchase of treasury shares	(887)	–
Net movement in borrowings	(9 984)	(33 223)
Dividends paid	(9 363)	(5 265)
Net cash from financing activities	38 050	31 074
Total cash movement for the year	(2 839)	26 056
Cash at beginning of year	40 405	14 349
Total cash at end of year	37 566	40 405

CONDENSED CONSOLIDATED SEGMENT REPORT

	Reviewed 2008 R'000	Audited 2007 R'000
Revenue		
External sales		
Aggregates	364 726	198 700
Ready mixed concrete	157 500	118 796
Concrete manufactured products	89 434	31 536
Total	611 660	349 032
Intersegment sales		
Aggregates	37 359	25 099
Ready mixed concrete	4 573	257
Concrete manufactured products	439	12
Total	42 371	25 368
Total revenue		
Aggregates	402 085	223 799
Ready mixed concrete	162 073	119 053
Concrete manufactured products	89 873	31 548
Total	654 031	374 400
Operating profit before tax		
Aggregates	102 082	49 529
Ready mixed concrete	15 330	13 211
Concrete manufactured products	13 560	3 612
Other	6 145	3 421
Total	137 117	69 773
Other Information		
Assets		
Aggregates	411 980	226 686
Ready mixed concrete	53 196	40 706
Concrete manufactured products	39 303	31 857
Other	155 935	145 032
Consolidated total assets	660 414	444 281
Liabilities		
Aggregates	85 738	51 566
Ready mixed concrete	26 332	21 916
Concrete manufactured products	5 445	11 701
Other	77 997	60 992
Consolidated total liabilities	195 512	146 175

NOTES

	Reviewed 2008 R'000	Audited 2007 R'000	
1. DIVIDENDS			
– Dividends before listing	–	5 265	
– Interim dividend paid	9 363	–	
– Final dividend declared	21 402	–	
	30 765	5 265	
2. CAPITAL COMMITMENTS			
– Approved capital expenditure to be funded from surplus cash and bank financing	72 486	32 519	
3. DEPRECIATION	33 306	15 085	
4. NET MOVEMENT IN BORROWINGS			
– Opening balance	38 357		
– New borrowings	32 027		
– Acquired through acquisitions	36 093		
– Repayments	(42 012)		
– Closing balance	64 465		
5. 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)
– Total previously reported	49 462	14 968	6 480
– Provisions and accruals adjusted	(2 023)	(577)	(530)
	47 439	14 391	5 950
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)
– Total previously reported	61 278	14 968	14 993
– Mining rights adjusted	–	–	1 554
– Provisions and accruals adjusted	(2 023)	(577)	(531)
	59 255	14 391	16 016
Goodwill			
– Total previously reported	14 825	37 944	1 900
– Adjustments	2 213	1 193	–
	17 038	39 137	1 900
Purchase consideration			
– Total previously reported	76 103	52 912	16 893
– Adjustments	190	616	1 023
	76 293	53 528	17 916
Profit after tax included in results	15 153	781	(158)
Unaudited proforma profit after tax assuming business combinations for full year	18 581	2 638	44
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 Limited on 23 November 2006 less 10% discount.			
6. Business disposals during the period are Prima Quarries 1987, from 30 November 2007, and 12,5% of Capmat (Pty) Limited, from 6 January 2008. Amounts disposed are as follows:			
	PQ 1987	12,5% Capmat	
Carrying amount of net assets			
– Plant and equipment	2 806	233	
– Other	4 143	660	
	6 949	893	
Fair value of assets			
– Plant and equipment	2 806	233	
– Other	4 143	660	
	6 949	893	
Proceeds on disposal	11 117	102	
Profit after tax included in results			
– Profit/(loss) on disposal of businesses	3 674	(676)	
– Profit after tax for period to disposal date	673	36	
	4 347	(640)	

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	PQ 1987	12,5% Capmat	
Carrying amount of net assets			
– Plant and equipment	2 806	233	
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Fair value of assets			
– Plant and equipment	2 806	233	
– Other	4 143	660	
	6 949	893	
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– Profit/(loss) on disposal of businesses	3 674	(676)	
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	4 347	(640)	

COMMENTARY

INTRODUCTION

The directors are pleased to present the reviewed condensed consolidated financial results for the year ended 29 February 2008 ("the year"). The group's operations performed well across the board reflecting strong organic growth. In addition acquisitions made during the year have been well integrated into existing operations.

FINANCIAL RESULTS

Headline earnings increased by 79% to R92,5 million, translating into headline earnings per share of 70,4 cents up by 20%. Operating margins of 22,4% reflect the particularly strong performance of the "Aggregates" and "Concrete manufactured products" divisions.

The Malans Quarries and Scottburgh acquisitions ("the acquisitions") have been included for nine and eight months respectively, from the dates of conclusion of the respective acquisitions following delays in obtaining Competition Commission approval.

Lancaster group has been included in these results for the full twelve months. (The comparative results for the year ending 28 February 2007 ("the previous year") reflect the results of Prima group for 12 months and Lancaster group for four months in terms of International Financial Reporting Standards 3: "Business Combinations".)

The weighted number of shares in issue increased to 131,4 million during the year following shares issued as part settlement of the purchase consideration for the Malans Quarries acquisition, and to fund future expansion. The Afrimat Share Incentive Trust purchased 119 563 shares during the year.

OPERATIONAL REVIEW

Afrimat's three divisions performed well:

- "Aggregates" delivered operating profit in line with expectations, driven by strong demand for its products and higher value products in its sales mix. The division accordingly experienced increased sales volumes at improved pricing.
- "Ready mix concrete" was impacted in the first half of the year by intensifying price competition in the Western Cape as well as unusually severe winter conditions which impeded growth in the supply of products in the region. Performance in the second half of the year improved substantially in line with higher demand and favourable weather conditions.
- "Concrete manufactured products" benefited significantly from increased public and private sector expenditure on low cost housing developments nationwide. Capacity expansion at Afrimat's Ladysmith plant is now fully operational and robust demand for the division's products continues unabated.

During the year Afrimat commissioned new quarries in Kommetjie and Saldanha Bay in the Western Cape and replaced an existing quarry in Paarl, in respect of which the lease had expired, with another quarry in the same area. In addition 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 year has now been alleviated by the commissioning of new capacity at Natal Portland Cement. Full and adequate supply was achieved in the second quarter of the year and is expected to be sustainable.

ACQUISITIONS

Malans Quarries

As previously 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 a total consideration of R130 million. Competition Commission approval was obtained on 31 May