

PRO FORMA FINANCIAL INFORMATION OF AFRIMAT

The definitions and interpretations commencing on page 15 of this Circular apply *mutatis mutandis* to this **Annexure 6**.

The *pro forma* financial information of Afrimat at 29 February 2020 is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of profit or loss and other comprehensive income of Afrimat has been prepared for illustrative purposes only to show the financial effects of the Scheme. Due to its nature, the *pro forma* financial information may not fairly present Afrimat's financial position, changes in equity, results of operations or cash flows after the implementation of the Scheme.

The *pro forma* financial information is presented in a manner that is consistent with the accounting policies of Afrimat, IFRS and the basis on which the historical financial information has been prepared. The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements and in compliance with the revised SAICA Guide on *pro forma* financial information.

The *pro forma* financial information set out below, should be read in conjunction with the report of the Independent Reporting Accountants, which is included as **Annexure 7** to this Circular.

The directors of Afrimat are responsible for the preparation of the *pro forma* financial information.

It has been assumed for the purposes of the *pro forma* financial information that the Scheme took place with effect from 1 March 2019 for purposes of the *pro forma* consolidated statement of comprehensive income and on 29 February 2020 for purposes of the *pro forma* consolidated statement of financial position.

PRO FORMA CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AT 29 FEBRUARY 2020

R'000	Afrimat audited UCP unaudited results for the							Other <i>Pro forma</i> after <i>Pro forma</i> adjustments ⁷ of the Scheme ⁸
	year ended 29 February 2020 ¹	period ended 31 December 2019 ²	UCP post-balance sheet adjustment ³	UCP total – prior to the Scheme ⁴	Reclassifications ⁵	Acquisition of UCP ⁶	<i>Pro forma</i> implementation ⁷ of the Scheme ⁸	
ASSETS								
Non-current assets								
Property, plant and equipment	1 571 519	125 438	–	125 438	555 245	(27 050) ^{6.1}	–	2 225 152
Investment property	3 040	–	–	–	–	–	–	3 040
Intangible asset	210 226	–	–	–	–	29 804 ^{6.2}	–	240 030
Investment in associate and joint venture	16 420	–	–	–	–	(16 020) ^{6.3, 6.4}	–	400
Other financial assets	53 015	3 035	–	3 035	8 033	–	–	64 083
Deferred tax	31 870	14 522	–	14 522	–	–	–	46 392

Afrimat audited UCP unaudited results for the period ended 29 February 2020¹ to 31 December 2019²

	year ended 29 February 2020 ¹	period ended 31 December 2019 ²	UCP post-balance sheet adjustment ³	UCP total – prior to the Scheme ⁴	Reclassifications ⁵	Acquisition of UCP ⁶	Pro forma adjustments ⁷ of the Scheme ⁸	Other Pro forma implementation
R'000								
Right-of-use assets	–	2 705	–	2 705	(2 705)	–	–	–
Mining assets	–	214 439	–	214 439	(214 439)	–	–	–
Mineral rights	–	338 101	–	338 101	(338 101)	–	–	–
Restricted cash	–	8 033	–	8 033	(8 033)	–	–	–
Total non-current assets	1 886 090	706 273	–	706 273	–	(13 266)	–	2 579 097
Current assets								
Inventories	260 526	5 442	–	5 442	–	–	–	265 968
Current tax receivable	4 757	–	–	–	–	–	–	4 757
Trade and other receivables	476 356	13 678	–	13 678	–	–	(17 695) ^{7,1}	472 339
Cash and cash equivalents	167 533	1 538	–	1 538	–	–	(1 200) ^{7,2}	167 871
Total current assets	909 172	20 658	–	20 658	–	–	(18 895)	910 935
Assets for disposal group classified as held-for-sale	–	545 242	–	545 242	–	–	–	545 242
TOTAL ASSETS	2 795 262	1 272 173	–	1 272 173	–	(13 266)	(18 895)	4 035 274
EQUITY AND LIABILITIES								
EQUITY								
Stated capital	245 988	2 122 973	–	2 122 973	–	(2 029 575) ^{6,5,6,6}	–	339 386
Treasury shares	(108 365)	(25 898)	–	(25 898)	–	25 898 ^{6,6}	–	(108 365)
Attributable to equity holders of the parent	1 681 778	606 590	92 331	698 921	–	(589 701)	(1 200)	1 789 798
Net issued stated capital	137 623	2 097 075	–	2 097 075	–	(2 003 677)	–	231 021
Other reserves	(90 382)	46 178	–	46 178	–	(46 178)	–	(90 382)
Retained earnings	1 634 537	(1 536 663)	92 331	(1 444 332)	–	1 460 154 ^{6,3,6,6}	(1 200) ^{7,2}	1 649 159
Non-controlling interests	7 129	(271 281)	–	(271 281)	–	481 767 ^{6,6,7}	–	217 615
TOTAL EQUITY	1 688 907	335 309	92 331	427 640	–	(107 934)	(1 200)	2 007 413

Afrimat audited UCP unaudited results for the period ended 29 February 2020 ¹							
R'000	year ended 29 February 2020 ¹	period ended 31 December 2019 ²	UCP post-balance sheet adjustment ³	UCP total – prior to the Scheme ⁴	Reclassifications ⁵	Acquisition of UCP ⁶	Other Pro forma adjustments ⁷ of the Scheme ⁸
Liabilities							
Non-current liabilities							
Borrowings	138 761	113 245	–	113 245	4 357	–	256 363
Provisions	152 748	88 231	–	88 231	–	–	240 979
Deferred tax	215 943	3 115	–	3 115	–	94 668 ^{6,8}	313 726
Lease obligations	–	4 357	–	4 357	(4 357)	–	–
Total non-current liabilities	507 452	208 948	–	208 948	–	94 668	811 068
Current liabilities							
Borrowings	157 071	133 684	–	133 684	2 535	–	293 290
Other financial liabilities	9 631	–	–	–	–	–	9 631
Current tax payable	11 109	7 244	–	7 244	–	–	18 353
Trade and other payables	421 072	115 563	–	115 563	–	–	536 635
Bank overdraft	20	8 178	–	8 178	–	–	8 198
Megacube arbitration award	–	92 331	(92 331)	–	–	–	–
Related party loans	–	28 021	–	28 021	–	–	10 326
Lease obligations	–	2 535	–	2 535	(2 535)	–	–
Total current liabilities	598 903	387 556	(92 331)	295 225	–	–	876 433
Liabilities of disposal group classified as held-for-sale	–	340 360	–	340 360	–	–	340 360
Total liabilities	1 106 355	936 864	(92 331)	844 533	–	94 668	2 027 861
TOTAL EQUITY AND LIABILITIES	2 795 262	1 272 173	–	1 272 173	–	(13 266)	4 035 274
Net asset value per share (cents)	1 246	52					1 297
Tangible net asset value per share (cents) ⁹	1 090	33					1 123
Number of shares in issue	135 022 447	1 162 010 000				3 012 831	138 035 278

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated annual financial statements of Afrimat for the year ended 29 February 2020.
2. Extracted, without adjustment, from the unaudited consolidated interim statement of financial position of UCP as at 31 December 2019.
3. As per the UCP SENS announcement of 19 May 2020 Megacube Mining Proprietary Limited ("Megacube"), a wholly owned subsidiary of UCP, and Keaton Mining Proprietary Limited ("Keaton") entered into a settlement agreement. This settlement resulted in Megacube and Keaton withdrawing their respective claims against one another. Included in UCP's consolidated interim financial statements for the period ended 31 December 2019, the Company provided for a liability of R92 million relating to this matter. This provision is being released in full as a material adjustment to this *pro forma* financial information.
4. Adjusted unaudited consolidated interim statement of financial position of UCP as at 31 December 2019.
5. *Pro forma* adjustments to the results of UCP in terms of classification in accordance with the accounting policies and presentation of Afrimat.
6. *Pro forma* remeasurement of pre-acquisition interest of Afrimat in UCP in accordance with IFRS 3 paras 41 – 42 and further *pro forma* adjustments relating to the acquisition of UCP as per Scheme as set out in this Circular.
 - 6.1. Representing the partial derecognition of UCP's mining asset to the value of R27.1 million. Expenditure originally capitalised in terms of the underground operation subsequently derecognised due to the fall of ground event occurring in early October 2019.
 - 6.2. Resultant goodwill from this acquisition. Goodwill was determined as the consideration paid, plus the fair value of shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of UCP.
 - 6.3. Afrimat held 27.27% of the share capital of UCP prior to this transaction. Based on a fair value of 10 cents, as at 13 July 2020 per UCP share, the fair value of the associate was deemed to be R31.8 million, resulting in a R15.8 million gain recognised in profit and loss.
 - 6.4. Representing the previous equity interest of Afrimat in UCP at fair value as at 13 July 2020.
 - 6.5. Representing the purchase consideration of the acquisition of the remaining shareholding of UCP being 3 012 831 Afrimat shares, at fair value which was assumed, for purposes of the *pro forma* financial information, to be the Afrimat closing price on 13 July 2020 of R31 per share.
 - 6.6. Elimination of opening equity position of UCP.
 - 6.7. Proportionate share of assets and liabilities attributable to the non-controlling interests.
 - 6.8. Deferred tax at the prevailing tax rate on the mining asset recognised as part of this acquisition. Reliance was placed on the fair value as determined by the Nkomati Anthracite Proprietary Limited Competent Person's Report ("CPR"). An enterprise value of R333 million was placed on the resource including inferred resources.
7. Other *pro forma* adjustments representing:
 - 7.1. Elimination of the loan between Afrimat and UCP.
 - 7.2. Transaction costs of R1.2 million (excluding value-added tax) assumed to be paid from cash and cash equivalents.
8. *Pro forma* consolidated statement of financial position after incorporating the adjustments for the acquisition of UCP set out above.
9. Tangible net asset value is the net asset value attributable to equity holders of the parent less the value of goodwill.

General

Throughout the *pro forma*'s an income tax rate of 28% has been assumed.

PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2020

R'000	Afrimat audited results for the year ended 29 February 2020 ¹	UCP reviewed rolling results for the 12 months ended 31 December 2019 ²	Acquisition of UCP ³	Pro forma adjustments ⁴	Pro forma after implementation of the Scheme ⁵
Revenue	3 304 376	347 664	–	–	3 652 040
Cost of sales	(2 239 352)	(342 670)	–	–	(2 582 022)
Gross profit	1 065 024	4 994	–	–	1 070 018
Operating expenses	(478 400)	(47 965)	–	(1 200) ^{4.1}	(527 565)
Other income	13 035	620	–	–	13 655
Other net gains and losses	8 657	(2 099)	15 822 ^{3.1}	–	22 380
Profit on disposal of property, plant and equipment	2 788	86	–	–	2 874
Impairments	(10 152)	(17 677)	–	–	(27 829)
Operating profit/(loss)	600 952	(62 041)	15 822	(1 200)	553 533
Finance income	18 179	452	–	(195) ^{4.2}	18 436
Finance costs	(46 161)	(45 547)	–	195 ^{4.2}	(91 513)
Share of profit of equity-accounted investments	300	–	–	–	300
Profit/(loss) before tax	573 270	(107 136)	15 822	(1 200)	480 756
Income tax expense	(108 094)	(160)	–	1 417 ^{4.3}	(106 837)
Profit/(loss) for the period from continuing operations	465 176	(107 296)	15 822	217	373 919
Discontinued operations					
Loss for the period from discontinued operations	–	(34 961)	–	–	(34 961)
Profit/(loss) for the year	465 176	(142 257)	15 822	217	338 958
Profit attributable to:					
Owners of the parent	462 512	(115 879)	15 822	217	362 672
<i>Continuing operations</i>	462 512	(77 180)	15 822	217	401 371
<i>Discontinued operations</i>	–	(38 699)	–	–	(38 699)
Non-controlling interests	2 664	(26 378)	–	–	(23 714)
<i>Continuing operations</i>	2 664	(30 116)	–	–	(27 452)
<i>Discontinued operations</i>	–	3 738	–	–	3 738
	465 176	(142 257)	15 822	217	338 958
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign entities	(3 586)	(3 086)	–	–	(6 672)

R'000	Afrimat audited results for the year ended 29 February 2020 ¹	UCP reviewed rolling results for the 12 months ended 31 December 2019 ²	Acquisition of UCP ³	Pro forma adjustments ⁴	Pro forma after implementation of the Scheme ⁵
Income tax effect relating to these items	–	–	–	–	–
Items that will not be reclassified to profit or loss					
Net change in fair value of equity instruments at fair value through other comprehensive income	88	–	–	–	88
Income tax effect relating to these items	(17)	–	–	–	(17)
Other comprehensive income for the year, net of tax	(3 515)	(3 086)	–	–	(6 601)
Total comprehensive income/(loss) for the year	461 661	(145 343)	15 822	217	332 357
Total comprehensive income/(loss) attributable to:					
Owners of the parent	458 997	(118 965)	15 822	217	356 071
<i>Continuing operations</i>	458 997	(80 266)	15 822	217	394 770
<i>Discontinued operations</i>	–	(38 699)	–	–	(38 699)
Non-controlling interests	2 664	(26 378)	–	–	(23 714)
<i>Continuing operations</i>	2 664	(30 116)	–	–	(27 452)
<i>Discontinued operations</i>	–	3 738	–	–	3 738
	461 661	(145 343)	15 822	217	332 357
Earnings per share:					
Earnings per ordinary share (cents)					
<i>Continuing operations</i>	341.6	(6.6)	525.1	7.2	290.0
<i>Discontinued operations</i>	–	(3.3)	–	–	(28.0)
Diluted earnings per ordinary share (cents)					
<i>Continuing operations</i>	337.7	(6.6)	525.1	7.2	286.7
<i>Discontinued operations</i>	–	(3.3)	–	–	(27.6)
Note to statement of profit or loss and other comprehensive income					
Shares in issue:					
Total shares in issue	143 262 412	1 167 564 491	3 012 831	3 012 831	146 275 243
Treasury shares	(8 239 965)	(5 553 871)	–	–	(8 239 965)
Net shares in issue	135 022 447	1 162 010 620	3 012 831	3 012 831	138 035 278

R'000	Afrimat audited results for the year ended 29 February 2020 ¹	UCP reviewed rolling results for the 12 months ended 31 December 2019 ²	Acquisition of UCP ³	Pro forma adjustments ⁴	Pro forma after implementation of the Scheme ⁵
Weighted average number of net shares in issue	135 379 713	1 162 010 491	3 012 831	3 012 831	138 392 544
Diluted weighted average number of shares	136 965 803	1 162 010 491	3 012 831	3 012 831	139 978 634
Reconciliation of headline earnings:					
<i>Continuing operations</i>					
Profit/(loss) attributable to owners of the parent	462 512	(77 180)	15 822	217	401 371
Profit on disposal of plant and equipment attributable to owners of the parent	(2 788)	(86)	–	–	(2 874)
Re-measurement of investment in associate	–	–	(15 822)	–	(15 822)
Impairment of goodwill/plant and equipment	10 152	20 033	–	–	30 185
Total non-controlling interest effects of adjustments	–	(8 013)	–	–	(8 013)
Total income tax effects of adjustments	781	–	–	–	781
	470 657	(65 246)	–	217	405 628
<i>Discontinued operations</i>					
Profit attributable to owners of the parent	–	(38 699)	–	–	(38 699)
Impairment of goodwill	–	19 687	–	–	19 687
Net profit on disposal of plant and equipment	–	1 277	–	–	1 277
Compensation from third parties for items of plant and equipment that were destroyed	–	(1 754)	–	–	(1 754)
Scrapping of assets	–	2 359	–	–	2 359
Gain on bargain purchase	–	(620)	–	–	(620)
Total non-controlling interest effects of adjustments	–	(68)	–	–	(68)
Total income tax effects of adjustments	–	(9 205)	–	–	(9 205)
	–	(27 023)	–	–	(27 023)
Headline earnings per ordinary share (cents)	347.7				273.60
<i>Continuing operations</i>	347.7	(5.6)	–	7.2	293.1
<i>Discontinued operations</i>	–	(2.3)	–	–	(19.5)
Diluted headline earnings per share (cents)	343.6				270.50
<i>Continuing operations</i>	343.6	(5.6)	–	7.2	289.8
<i>Discontinued operations</i>	–	(2.3)	–	–	(19.3)

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated annual financial statements of Afrimat for the year ended 29 February 2020.
2. Extracted from the reviewed condensed consolidated statement of profit or loss and other comprehensive income of UCP for the rolling 12-month period ended 31 December 2019 as set out in **Annexure 3**.
3. Remeasurement of pre-acquisition interest of Afrimat in UCP in accordance with IFRS 3 paras 41 – 42.
 - 3.1. Afrimat held 27.27% of the share capital of UCP prior to this transaction. Based on a fair value of 10 cents, as at 13 July 2020, per UCP share, the fair value of the associate was deemed to be R31.8 million, resulting in a R15.8 million gain recognised in profit and loss. Refer to note 6.3 to the statement of financial position.
4. Other *pro forma* adjustments representing:
 - 4.1. Transaction costs of R1.2 million (excluding value added tax) assumed to be paid from cash and cash equivalents.
 - 4.2. Elimination of intergroup interest on loan between Afrimat and UCP.
 - 4.3. Release of deferred tax liability on amortisation of mining asset.
5. *Pro forma* consolidated statement of profit or loss and other comprehensive income after incorporating the adjustments for the acquisition of UCP set out above.

General

Throughout the *pro forma*'s an income tax rate of 28% has been assumed.

All adjustments, except for the once-off transaction costs, are expected to have a continuing effect on the statement of profit or loss and other comprehensive income.