

HOLDINGSLIMITED

(Incorporated in the Republic of South Africa) (Registration number 2007/002405/06) ISIN: ZÁE000101507 Share code on the JSE: IRA ("Infrasors", "the company" or "the group")

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 August 2014

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

COMPREHENSIVE INCO	ME				
		Reviewed	Restated reviewed		Audited
		six months	six months		year
		ended	ended		ended
		31 August	31 August	Change	28 February
R000's	Note(s)	2014	2013	0/0	2014
Revenue		177 027	165 313	7,1	327 510
Cost of sales		(142 125)	(116 948)		(249 772)
Gross profit		34 902	48 365	(27,8)	77 738
Other income		455	421		1 720
Administration and other					
operating expenses		(14 472)	(21 381)		(30 225)
Depreciation and		(7.043)	(17.400)		(24.100)
amortisation		(7 813)	(17 490)		(34 108)
Contribution from					
operations		13 072	9 915	31,8	15 125
Impairments and fair value adjustments			/F 27F\		/F 200\
			(5 275)		(5 299)
Operating profit		13 072	4 640		9 826
Investment revenue		572	339		1 776
Finance costs		(4 427)	(6 695)		(11 418)
Profit/(loss) before tax		9 217	(1 716)		184
Taxation		(1 346)	2 254		4 723
Profit for the period		7 871	538		4 907
Total comprehensive					
income for the period		7 871	538		4 907
Profit attributable to					
Owners of the parent		7 959	122		4 413
Non-controlling interest		(88)	416		494
		7 871	538		4 907
Earnings per ordinary share					
(cents) – Basic and diluted	1	4,9	0,1		2,8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Reviewed	Restated reviewed	Audited
R000's	Note(s)	31 August 2014	31 August 2013	28 February 2014
Assets	(. /			
Total non-current assets		242 983	260 560	245 089
Property, plant and equipment	3	201 432	220 741	205 872
Investment property		3 040	3 040	3 040
Intangible assets	_	2 504	2 672	2 609
Other financial assets Deferred tax	5	25 657 10 350	23 756 10 351	22 446 11 122
Total current assets		76 823	83 269	81 417
Inventories Trade and other receivables		18 462 56 610	15 560 48 633	14 171 51 737
Cash and cash equivalents		1 751	19 076	15 509
·				
Total assets		319 806	343 829	326 506
Equity and liabilities Total equity		145 789	129 487	137 933
Share capital		927	927	927
Share premium		256 959	256 959	256 959
Treasury shares	4	(10 050)	(13 942)	(9 962)
Net issued share capital		247 836	243 944	247 924
Share-based payment reserve		169	-	96
Accumulated loss		(103 987)	(116 237)	(111 946)
Attributable to equity holders of parent		144 018	127 707	136 074
Non-controlling interest		1 771	1 780	1 859
Liabilities				
Total non-current liabilities		103 043	143 909	126 327
Borrowings non-current portion		30 371	68 229	52 841
Provisions Holding company loan		19 920 14 483	25 009 6 433	18 521 14 276
Deferred tax		38 269	44 238	40 689
Total current liabilities		70 974	70 433	62 246
Borrowings current-portion		23 895	13 104	16 582
Trade and other payables		36 888	36 466	36 736
Bank overdraft		9 174	19 275	8 181
Current tax payable		1 017	1 588	747
Total liabilities		174 017	214 342	188 573
Total equity and liabilities		319 806	343 829	326 506
Note to the statement of financial position:				
Net asset value per share (cents)		88,2	80,1	83,3
Borrowings and overdraft		63 440	100 608	77 604

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CASILIEO		
Reviewed	Reviewed	Audited
six months	six months	уеаг
ended	ended	ended
31 August	31 August	28 February
2014	2013	2014
6 312	5 524	14 764
(6 024)	(3 930)	(5 557)
(15 039)	(12 949)	(13 035)
(14 751)	(11 355)	(3 828)
7 328	11 156	11 156
(7 423)	(199)	7 328
	six months ended 31 August 2014 6 312 (6 024) (15 039) (14 751) 7 328	six months six months ended ended 31 August 31 August 2014 2013 6 312 5 524 (6 024) (3 930) (15 039) (12 949) (14 751) (11 355) 7 328 11 156

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY						
R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 2014			
Share capital Share premium Treasury shares	927 256 959 (10 050)	927 256 959 (13 942)	927 256 959 (9 962)			
Opening balance Consolidation of shares from Infrasors Empowerment Trust Treasury shares buy back Treasury shares to be issued	(9 962) - (88) -	(2 266) (11 676) - -	(2 266) (11 676) (810) 4 790			
Share-based payment reserve	169		96			
Opening balance Share-based payments	96 73		96			
Accumulated loss	(103 987)	(116 237)	(111 946)			
Opening balance Profit for the period in total comprehensive income (a)	(111 946) 7 959	(116 359) 122	(116 359) 4 413			
Non-controlling interest	1 771	1 780	1 859			
Opening balance (Loss)/profit for the period in total comprehensive income (b)	1 859 (88)	1 364 416	1 365 494			
(Total comprehensive income/(loss) (a+b)	7 871	538	4 907)			
Balance at end of the period	145 789	129 487	137 933			

CONDENSED SEGMENT RESULTS

		and		
R000's	Silica	limestone	Other	Total
Reviewed six months ended 31 August				
2014				
Revenue from external customers	42 463	134 564	-	177 027
Inter-segment revenues	592	3 091	13 553	17 236
Depreciation and amortisation	(1 938)	(5 750)	(125)	(7 813)
(Loss)/contribution from operations	(1 598)	20 939	(6 269)	13 072
(Loss)/profit before tax	(1 955)	20 346	(9 174)	9 217
Additions to non-current assets	1 419	6 423	163	8 005
Assets	72 025	224 288	23 493	319 806
Liabilities	22 437	82 804	68 776	174 017
Restated reviewed six months ended				
31 August 2013				
Revenue from external customers	46 675	118 638	_	165 313
Inter-segment revenues		-	15 118	15 118
Depreciation and amortisation	(6 605)	(9 282)	(1 603)	(17 490)
Impairments and fair value adjustments	(5 275)	-		(5 275)
Contribution/(loss) from operations	2 152	12 456	(4 693)	9 915
(Loss)/profit before tax	(3 852)	12 208	(10 072)	(1 716)
Additions to non-current assets	-	2 323	-	2 323
Assets	85 657	245 166	13 006	343 829
Liabilities	30 591	107 870	75 881	214 342
Audited year ended 28 February 2014				
Revenue from external customers	90 725	236 785	-	327 510
Inter-segment revenues	-	-	33 985	33 985
Depreciation and amortisation	(6 019)	(26 319)	(1 770)	(34 108)
Impairments and fair value adjustments	(5 299)	-	-	(5 299)
Contribution/(loss) from operations	6 129	18 385	(9 389)	15 125
Profit/(loss) before tax	5 207	17 359	(22 382)	184
Additions to non-current assets	4 434	8 846	10	13 290
Assets	83 926	223 752	18 828	326 506
Liabilities	28 968	84 458	75 147	188 573

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NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL **STATEMENTS**

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	R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 2014
1.	Earnings per ordinary share ("EPS") reconciliation: Basic and diluted			
	Net profit attributable to the owners of the parent	7 959	122	4 413
	Total shares in issue (000's) Treasury shares (000's)	185 521 (22 304)	185 521 (26 137)	185 521 (22 231)
	Net shares in issue (000's)	163 217	159 384	163 290
	Weighted average number of shares in issue (000's)	163 278	159 384	159 548
	Earnings per ordinary share (cents)	4,9	0,1	2,8
2.	Headline earnings per ordinary share ("HEPS")			
	reconciliation: Basic and diluted Net profit attributable to the owners of the parent	7 959	122	4 413
	(Profit)/loss on disposal of property, plant and			
	equipment	(455)	721	1 946
	Impairments and fair value adjustments	-	5 275	5 299
	Total adjustments Total tax effects of adjustments	(455) 127	5 996 (1 679)	7 245 (2 028)
	Headline earnings	7 631	4 439	9 630
	Weighted average number of shares in issue (000's)	163 278	159 384	159 548
	Headline earnings per ordinary share "HEPS" (cents)	4,7	2,8	6,0
3.	Authorised capital expenditure Incurred to date			
	– Property, plant and equipment	8 005	2 323	_
	Not yet contracted for			
	– Property, plant and equipment	2 923	3 677	10 928
	Total authorised capital expenditure	10 928	6 000	10 928
			Number of shares	
4.	Movement of treasury shares Opening balance	22 230 754	1 811 927	1 811 927
	Consolidation of shares from Infrasors	_	24 325 348	24 325 348
	Empowerment Trust Purchased during the period/year	73 219	_	883 479
	Treasury shares to be issued	-		(4 790 000)
	Closing balance	22 303 973	26 137 275	22 230 754
5.	Other financial assets	22.444	24.452	24 452
	Opening balance Investment in environmental insurance policies	22 446 650	21 653 551	21 653 2 449
	Investment in guaranteed endowment policies	2 561	1 552	3 360
	Payout and settlement of instalment sale liabilities	_		(5 016)
	Closing balance	25 657	23 756	22 446

Included in the above balance, is investments in environmental insurance policies of R19 685 (Aug 2013: R15 686) (Feb 2014: R17 583) measured at fair value. The fair value of unquoted unit trusts is derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment in the unit trust by reference to the fair value of the individual assets and liabilities recognised in a unit trust's statement of financial position. The significant inputs to the adjusted net asset method are the fair values of the individual assets and liabilities whose fair value is derived from quoted market prices in active markets. The fair values are indirectly derived from prices quoted in Level 1, and therefore included in Level 2 (within the IFRS 13 Fair Value Measurement fair value hierarchy).

Related party transactions

	Reviewed	Reviewed	Audited
	six months	six months	year
	ended	ended	ended
	31 August	31 August	28 February
R000's	2014	2013	2014
Management and consulting fees paid to Afrimat			
Limited	2 436	4 868	9 735
Sales to Afrimat group companies	3 088	1 735	6 590
Loan amount payable to Afrimat Limited	14 483	6 433	14 276
Interest paid to Afrimat Limited	771	41	791
Contributions made to the Infrasors Environmental			
Rehabilitation Trust	650	389	1 039
Rent paid to director/shareholder controlled entity	-	190	191

7.1 Reclassification – Statement of comprehensive income

Certain income and expense items included in the comparative figures of the statement of comprehensive income have been reclassified. This is as a result of the alignment of classification policies of the group with its holding company.

	2013			
	As previously			
R000's	reported	Restatement	As restated	
Revenue	164 540	773	165 313	
Cost of sales	(111 704)	(5 244)	(116 948)	
Other net gains/(losses)	237	184	421	
Administration and other operating expenses	(25 668)	4 287	(21 381)	

7.2 Reclassification – Statement of financial position

The group has retrospectively adjusted the recognition of certain deferred tax assets and deferred tax liabilities as previously reported. This has resulted in the following:

· Deferred tax assets have been recognised on tax losses to the extent that it is probable that the taxable profit will be available against which the tax losses will be utilised, at the reporting date. Further detail is disclosed below:

	2013			
	As previously			
R000's	reported	Restatement	As restated	
Non-current assets				
Deferred tax	206	10 145	10 351	
Non-current liabilities				
Deferred tax	(34 093)	(10 145)	(44 238)	
	(33.887)	_	(33.887)	

Reviewed Reviewed six months six months ended ended 31 August 31 August

28 February R000's 2014 2013 2014 Total borrowings Overdraft less cash and cash equivalents 54 266 81 333 69 423 7 423 199 (7328)Net debt 61 689 81 532 62 095 Net debt: equity ratio (%) 45,0 42,3 63,0

Audited

year

ended

Events after reporting date

No material events after the reporting date have been identified.

10. Contingent liability

8. Borrowings

On 25 June 2013 SARS issued an adjusted income tax assessment claiming R9,7 million additional tax, R7,2 million penalties and R2,4 million interest, relating to the activities of a subsidiary of Infrasors for the tax years 2010, 2011 and 2012 based on the premise that the company is not a mining entity. The company has submitted an appeal to SARS and is of the opinion that the activities are of a mining nature. During an Alternative Dispute Resolution hearing ("ADR") held on 6 June 2014, SARS agreed to waive the relevant penalties and interest. The company is in the process of obtaining a final ruling from SARS regarding the treatment of income tax in the relevant subsidiary.

COMMENTARY

Basis of preparation

The reviewed condensed consolidated interim financial results ("the financial statements") for the six months ended 31 August 2014 ("the period") have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and in the manner required by the South African Companies Act. The accounting policies and method of computation applied in preparation of the financial statements are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2014.

The reviewed condensed consolidated interim financial statements have been prepared under the supervision of the Interim Financial Director, HP Verreynne BCompt (Hons) CA(SA).

Introduction

The financial results reflect the benefits for the group of the turnaround initiatives introduced offset by the costs incurred to improve plant efficiencies, additional expenditures to meet mining requirements of the Department of Mineral Resources and the impact of low processing yields and high cost increases in the silica operations

Revenue for the period increased by 7,1% to R177,0 million (2013: R165,3 million). Contribution from operations increased by 31,8% to R13,1 million (2013: R9,9 million) despite the lower gross profit generated. The reduction in administration and operating expenses (mainly due to the decrease in management fees charged by the holding company), following turnaround initiatives, as well as the impact of lower depreciation and amortisation, exceeded the drop in gross profit. Lower depreciation, amortisation and impairments are due to the large write offs of obsolete fixed assets and impairments in respect of Delf Sand during the previous year. Profit after tax amounts to R7,9 million (2013: R0,5 million).

Net of cash on hand and overdraft decreased due to increased capital expenditures and part repayment of the medium-term loan. The medium-term funding arrangement with Absa has been finalised.

Activities in the Silica segment remained under pressure due to the declining high grade raw material reserve at Delf Sand and the high increase in energy cost rates. Delf Sand obtained the shortfall in raw materials from the Delf Cullinan silica deposit and transported the raw materials to the Delf Sand processing plant – resulting in a sharp increase in transport costs with an adverse effect on margins. Furthermore, the metal industry strike impacted sales volumes.

Dolomite and **Limestone** segment generated increased profits due to improved processing efficiencies and higher selling prices.

The turnaround initiatives throughout the group are continuing with enhanced plant availability, improved production throughput with higher sales margins being realised. These initiatives required increased expenditures on maintenance of plant and equipment which were expensed during the period.

There has been no material change in the group's mineral reserves during the period.

The group's directors have elected not to declare a dividend for the period ended 31 August 2014 (2013: Rnil) and will reconsider this only once the group's borrowings have reduced to an acceptable level.

The group expects to remain a leading supplier to the local construction and metallurgical markets.

Infrasors' key focus areas will remain on expanding volumes, further reducing costs, continually improving efficiencies and developing the required skill level of our employees.

The condensed consolidated interim financial statements for the period have been reviewed by the company's auditor, Mazars Inc. The financial statements have been independently reviewed in compliance with applicable requirements of the South African Companies Act. The auditor's report does not necessarily report on all of the information contained in the financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the unmodified auditor's report together with the accompanying financial information from the issuer's registered office. Their review was conducted in accordance with ISRE2410 "Review of interim financial information performed by the independent auditor of the entity".

On behalf of the board

Mochele Noge Chairman

Louis Loubser Managing Director

5 November 2014 Centurion

ADMINSTRATIVE INFORMATION AT DATE OF THIS REPORT

M Noge# (Chairman), LR Loubser (Managing Director), HP Verreynne (Interim Financial Director), JCP Bekker*, AJ van Heerden*, PFC Ying#

All of the above directors are South African and resident in South Africa. * Non-executive director # Independent

Registered office

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Legal advisers and attorney

Webber Wentzel

10 Fricker Road, Illovo Boulevard, Johannesburg 2196 (PO Box 6771, Marshalltown, 2107)

Auditors

Mazars Inc.

Mazars House, Railto Road, Grand Moorings Precinct Century City, Cape Town, 7446 (PO Box 134, Century City, 7446)

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