

# INFRA SORS

## HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 2007/002405/06)  
 Share code on the JSE: IRA ISIN: ZAE000101507  
 ("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

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

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	Reviewed 31 August 2014	Restated reviewed 31 August 2013	Audited 28 February 2014
<b>Assets</b>			
<b>Total non-current assets</b>	<b>242 983</b>	<b>260 560</b>	<b>245 089</b>
Property, plant and equipment	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	25 657	23 756	22 446
Deferred tax	10 350	10 351	11 122
<b>Total current assets</b>	<b>76 823</b>	<b>83 269</b>	<b>81 417</b>
Inventories	18 462	15 560	14 171
Trade and other receivables	56 610	48 633	51 737
Cash and cash equivalents	1 751	19 076	15 509
<b>Total assets</b>	<b>319 806</b>	<b>343 829</b>	<b>326 506</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>145 789</b>	<b>129 487</b>	<b>137 933</b>
Share capital	927	927	927
Share premium	256 959	256 959	256 959
Treasury shares	(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
<b>Liabilities</b>			
<b>Total non-current liabilities</b>	<b>103 043</b>	<b>143 909</b>	<b>126 327</b>
Borrowings non-current portion	30 371	68 229	52 841
Provisions	19 920	25 009	18 521
Holding company loan	14 483	6 433	14 276
Deferred tax	38 269	44 238	40 689
<b>Total current liabilities</b>	<b>70 974</b>	<b>70 433</b>	<b>62 246</b>
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
<b>Total liabilities</b>	<b>174 017</b>	<b>214 342</b>	<b>188 573</b>
<b>Total equity and liabilities</b>	<b>319 806</b>	<b>343 829</b>	<b>326 506</b>
<b>Note to the statement of financial position:</b>			
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

R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 2014
<b>Net cash inflow from operating activities</b>	<b>6 312</b>	<b>5 524</b>	<b>14 764</b>
<b>Net cash outflow from investing activities</b>	<b>(6 024)</b>	<b>(3 930)</b>	<b>(5 557)</b>
<b>Net cash outflow from financing activities</b>	<b>(15 039)</b>	<b>(12 949)</b>	<b>(13 035)</b>
<b>Net decrease in cash and cash equivalents and bank overdrafts</b>	<b>(14 751)</b>	<b>(11 355)</b>	<b>(3 828)</b>
Cash and cash equivalents and bank overdrafts at the beginning of the period	7 328	11 156	11 156
<b>Cash and cash equivalents and bank overdrafts at the end of the period</b>	<b>(7 423)</b>	<b>(199)</b>	<b>7 328</b>

### 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
<b>Share capital</b>	<b>927</b>	<b>927</b>	<b>927</b>
<b>Share premium</b>	<b>256 959</b>	<b>256 959</b>	<b>256 959</b>
<b>Treasury shares</b>	<b>(10 050)</b>	<b>(13 942)</b>	<b>(9 962)</b>
Opening balance	(9 962)	(2 266)	(2 266)
Consolidation of shares from Infrasors Empowerment Trust	-	(11 676)	(11 676)
Treasury shares buy back	(88)	-	(810)
Treasury shares to be issued	-	-	4 790
<b>Share-based payment reserve</b>	<b>169</b>	<b>-</b>	<b>96</b>
Opening balance	96	-	-
Share-based payments	73	-	96
<b>Accumulated loss</b>	<b>(103 987)</b>	<b>(116 237)</b>	<b>(111 946)</b>
Opening balance	(111 946)	(116 359)	(116 359)
Profit for the period in total comprehensive income (a)	7 959	122	4 413
<b>Non-controlling interest</b>	<b>1 771</b>	<b>1 780</b>	<b>1 859</b>
Opening balance	1 859	1 364	1 365
(Loss)/profit for the period in total comprehensive income (b)	(88)	416	494
<b>(Total comprehensive income)/(loss) (a+b)</b>	<b>7 871</b>	<b>538</b>	<b>4 907</b>
<b>Balance at end of the period</b>	<b>145 789</b>	<b>129 487</b>	<b>137 933</b>

### CONDENSED SEGMENT RESULTS

R000's	Silica	Dolomite and limestone	Other	Total
<b>Reviewed six months ended 31 August 2014</b>				
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
<b>Restated reviewed six months ended 31 August 2013</b>				
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
<b>Audited year ended 28 February 2014</b>				
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

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

R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 2014
<b>1. Earnings per ordinary share ("EPS") reconciliation: Basic and diluted</b>			
Net profit attributable to the owners of the parent	7 959	122	4 413
Total shares in issue (000's)	185 521	185 521	185 521
Treasury shares (000's)	(22 304)	(26 137)	(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
<b>2. Headline earnings per ordinary share ("HEPS") reconciliation: Basic and diluted</b>			
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	(455)	5 996	7 245
Total tax effects of adjustments	127	(1 679)	(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
<b>3. Authorised capital expenditure incurred to date</b>			
- Property, plant and equipment	8 005	2 323	-
<b>Not yet contracted for</b>			
- Property, plant and equipment	2 923	3 677	10 928
<b>Total authorised capital expenditure</b>	<b>10 928</b>	<b>6 000</b>	<b>10 928</b>
	<b>Number of shares</b>		
<b>4. Movement of treasury shares</b>			
Opening balance	22 230 754	1 811 927	1 811 927
Consolidation of shares from Infrasors Empowerment Trust	-	24 325 348	24 325 348
Purchased during the period/year	73 219	-	883 479
Treasury shares to be issued	-	-	(4 790 000)
<b>Closing balance</b>	<b>22 303 973</b>	<b>26 137 275</b>	<b>22 230 754</b>
<b>5. Other financial assets</b>			
Opening balance	22 446	21 653	21 653
Investment in environmental insurance policies	650	551	2 449
Investment in guaranteed endowment policies	2 561	1 552	3 360
Payout and settlement of instalment sale liabilities	-	-	(5 016)
<b>Closing balance</b>	<b>25 657</b>	<b>23 756</b>	<b>22 446</b>

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).

### 6. Related party transactions

R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 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.

R000's	As previously 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:

R000's	As previously reported	Restatement	As restated
<b>Non-current assets</b>			
Deferred tax	206	10 145	10 351
<b>Non-current liabilities</b>			
Deferred tax	(34 093)	(10 145)	(44 238)
	(33 887)	-	(33 887)

### 8. Borrowings

R000's	Reviewed six months ended 31 August 2014	Reviewed six months ended 31 August 2013	Audited year ended 28 February 2014
Total borrowings	54 266	81 333	69 423
Overdraft less cash and cash equivalents	7 423	199	(7 328)
<b>Net debt</b>	<b>61 689</b>	<b>81 532</b>	<b>62 095</b>
Net debt: equity ratio (%)	42,3	63,0	45,0

### 9. Events after reporting date

No material events after the reporting date have been identified.

### 10. Contingent liability

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 Verreyne 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.

#### Financial results</