

REVIEWED CONDENSED PROVISIONAL CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2014

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R000's	Note	Reviewed 2014	Restated audited 2013	Restated audited 2012
Revenue - Turnover		327 510	286 986	272 946
Cost of sales		(249 772)	(253 259)	(214 655)
Gross profit		77 738	33 727	58 291
Other income		1 720	1 304	448
Administration and other operating expenses		(30 225)	(25 389)	(11 187)
Depreciation and amortisation		(34 108)	(37 608)	(20 975)
Contribution/(loss) from operations		15 125	(27 966)	26 577
Fair value adjustment on financial asset		-	(43 365)	-
Other fair value adjustments and impairments	3	(5 299)	(242 752)	10 015
Operating profit/(loss) before interest		9 826	(314 083)	36 592
Investment revenue		1 776	6 869	5 635
Finance costs		(11 418)	(13 470)	(12 549)
Profit/(loss) before tax		184	(320 684)	29 678
Taxation	4	4 723	15 076	(5 208)
Profit/(loss) for the year		4 907	(305 608)	24 470
Other comprehensive income/(loss) not included in profit and loss				
Change in deferred tax rate		-	(340)	-
Loss on revaluation reserve		-	(7 151)	-
Deferred tax on loss on revaluation reserve		-	1 341	-
Total comprehensive income/(loss) for the year		4 907	(311 758)	24 470
Profit/(loss) attributable to				
Owners of the parent		4 413	(311 208)	24 680
Non-controlling interest		494	(550)	(210)
		4 907	(311 758)	24 470
Earnings/(loss) per share (cents) – Basic and diluted	1	2.8	(166.1)	13.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R000's	Note	Reviewed as at 2014	Restated audited as at 2013	Restated audited as at 2012
Non-current assets		234 944	281 996	596 475
Property, plant and equipment	5	205 872	242 381	327 071
Investment property		3 040	3 040	98 089
Mineral rights		2 609	2 690	92 464
Goodwill		-	-	129
Held to maturity investment	6	-	11 676	49 596
Other financial assets	7	22 446	21 653	16 569
Deferred tax assets		977	556	12 557
Current assets		81 417	76 196	83 096
Inventories		14 171	16 859	19 962
Trade and other receivables		51 737	38 593	46 068
Cash and cash equivalents		15 509	20 744	17 066
Total assets		316 361	358 192	679 571
Capital and reserves				
Total equity		137 933	140 626	452 384
Share capital		927	927	927
Share premium		256 959	256 959	256 959
Treasury shares	6	(9 962)	(2 266)	(2 266)
Net issued capital		247 924	255 620	255 620
Revaluation reserve		-	-	6 150
Share-based payment reserve		96	-	-
Retained (loss)/earnings	9	(111 946)	(116 358)	188 700
Attributable to equity holders of parent		136 074	139 262	450 470
Non-controlling interest		1 859	1 364	1 914
Non-current liabilities		116 182	147 739	169 361
Borrowings		52 841	81 903	80 623
Environmental rehabilitation provision		18 521	26 747	23 178
Loans from holding company		14 276	-	-
Deferred tax liabilities		30 544	39 089	65 560
Current liabilities		62 246	69 827	57 826
Borrowings		16 582	18 812	22 115
Trade and other payables		36 736	40 693	35 452
Bank overdraft		8 181	9 588	-
Current tax liabilities		747	734	259
Total liabilities		178 428	217 566	227 187
Total equity and liabilities		316 361	358 192	679 571
Note to the statement of financial position:				
Net asset value per share (cents)		83.3	75.8	245.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R000's	Reviewed 2014	Restated audited 2013	Restated audited 2012
Cash inflow from operating activities	14 764	20 229	31 208
Cash outflow from investing activities	(5 557)	(16 001)	(38 455)
Cash outflow from financing activities	(13 035)	(10 138)	7 269
Net decrease in cash and cash equivalents	(3 828)	(5 910)	22
Cash and cash equivalents at the beginning of the year	11 156	17 066	17 044
Cash and cash equivalents at the end of the year	7 328	11 156	17 066

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R000's	Reviewed 2014	Restated audited 2013	Restated audited 2012
Share capital	927	927	927
Share premium	256 959	256 959	256 959
Treasury shares	(9 962)	(2 266)	(2 266)
Opening balance	(2 266)	(2 266)	(2 266)
Retrieval of shares from Infrasors Empowerment Trust (refer note 7)	(11 676)	-	-
Share buy-back	(810)	-	-
Sale of shares	4 790	-	-
Revaluation reserve	-	-	6 150
Opening balance	-	6 150	6 150
Change in deferred tax rate	-	(340)	-
Loss on revaluation of land	-	(7 151)	-
Deferred tax on loss on revaluation of land	-	1 341	-
Share-based payment reserve	96	-	-
Opening balance	-	-	-
Share options granted	96	-	-
Retained (loss)/income	(111 946)	(116 358)	188 700
Original balance	(103 566)	198 603	171 049
Restatement	(12 793)	(9 903)	(7 029)
Restated opening balance	(116 359)	188 700	164 020
Restated profit for the year in total comprehensive income	-	(305 058)	24 680
Profit for the year in total comprehensive income	4 413	-	-
Non-controlling interest	1 859	1 364	1 914
Opening balance	1 364	1 914	-
Non-controlling interest arising from business combination	-	-	2 124
Profit for the year in total comprehensive income	495	(550)	(210)
Balance at end of the year	137 933	140 626	452 384

CONDENSED SEGMENT RESULTS

R000's	Silica	Dolomite and limestone	Other	Total
Reviewed 12 months ended 28 February 2014				
Turnover 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)
Contribution/(loss) from operations	6 129	18 385	(9 389)	15 125
Operating profit/(loss) before interest	830	18 385	(9 389)	9 826
Additions to non-current assets	4 434	8 846	10	13 290
Assets	77 251	223 752	15 358	316 361
Liabilities	(22 293)	(84 458)	(71 677)	(178 428)
Restated audited 12 months ended 28 February 2013				
Turnover from external customers	88 385	197 242	1 359	286 986
Inter-segment revenues	-	-	22 425	22 425
Depreciation and amortisation	(16 450)	(20 710)	(448)	(37 608)
Contribution/(loss) from operations	(11 556)	9 978	(26 388)	(27 966)
Operating profit/(loss) before interest	(138 557)	7 334	(182 860)	(314 083)
Additions to non-current assets	10 869	11 256	382	22 507
Assets	92 028	237 909	28 255	358 192
Liabilities	(50 028)	(88 865)	(78 673)	(217 566)
Restated audited 12 months ended 29 February 2012				
Turnover from external customers	86 312	184 756	1 878	272 946
Inter-segment revenues	-	-	16 845	16 845
Depreciation and amortisation	(8 406)	(11 692)	(877)	(20 975)
Contribution/(loss) from operations	13 100	23 923	(10 446)	26 577
Operating profit/(loss) before interest	13 100	23 923	(431)	36 592
Additions to non-current assets	13 670	18 478	1 110	33 258
Assets	108 855	249 248	321 468	679 571
Liabilities	(46 905)	(84 814)	(95 468)	(227 187)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Earnings per share (“EPS”) reconciliation: Basic and diluted

R000’s	Reviewed 2014	Restated audited 2013	Restated audited 2012
Net profit/(loss) attributable to the owners of the paerent	4 413	(305 058)	24 680
Total shares in issue (000’s)	185 521	185 521	185 521
Treasury shares (000’s)	(22 231)	(1 812)	(1 812)
Net shares in issue (000’s)	163 290	183 709	183 709
Weighted average number of shares in issue (000’s)	159 548	183 709	183 709
Earnings/(loss) per share (cents)	2.8	(166.1)	13.4

2. Headline earnings per share (“HEPS”) reconciliation: Basic and diluted

Net profit/(loss)	4 413	(305 058)	24 680
Loss/(profit) on disposal of property, plant and equipment	1 946	2 987	(122)
Fair value adjustment on investment property	-	88 109	(10 015)
Impairments of property, plant and equipment	5 299	65 545	-
Impairments of mineral rights	-	88 969	-
Impairments of goodwill	-	129	-
Total fair value adjustments and impairments	5 299	242 752	(10 015)
Tax effect on headline adjustments	(2 028)	(58 526)	1 436
Headline earnings/(loss)	9 630	(117 845)	15 979
Weighted average number of shares in issue 000’s	159 548	183 709	183 709
Headline earnings/(loss) per share (cents)	6.0	(64.2)	8.7

3. Other fair value adjustments and impairments

Fair value adjustment of investment property	-	(88 109)	10 015
Impairments of property, plant and equipment	(5 299)	(65 545)	-
Impairments of mineral rights	-	(88 969)	-
Impairments of goodwill	-	(129)	-
	(5 299)	(242 752)	10 015

Impairments of property, plant and equipment during the year relate to Delf Sand Proprietary Limited plant and equipment nearing the end of its economic life.

4. Taxation

The taxation for the year ended 28 February 2014 raised a deferred tax asset on the assessed loss of Delf Sand Proprietary Limited	4 723	15 076	(5 208)
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5. Capital commitments

Approved capital expenditure for the full year to be funded from surplus cash and bank financing	10 928	19 169	16 455
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6. Movement in number of treasury shares

	Reviewed 2014	Restated audited 2013	Restated audited 2012
	Shares	Shares	Shares
Opening balance	1 811 927	1 811 927	1 811 927
Retrieval of shares from Infrasors Empowerment Trust	24 325 348	-	-
Repurchase of shares	883 479	-	-
Sale of shares	(4 790 000)	-	-
Closing balance	22 230 754	1 811 927	1 811 927

24 325 348 Infrasors Holdings Limited shares held as security on the held-to-maturity loan receivable from the Infrasors Empowerment Trust amounting to R11.7 million was retrieved as the Trust is unable to repay the debt. Refer to the SENS announcement dated 18 March 2014.

4 790 000 shares were sold to a BEE investor Joe Kalo Investments Proprietary Limited.

7. Other financial assets

	Reviewed 2014 R000's	Restated audited 2013 R000's	Restated audited 2012 R000's
Opening balance	21 653	16 569	11 433
Investment in environmental insurance policies	2 449	2 277	2 798
Investment in guaranteed endowment policies	3 360	2 807	2 338
Payout and settlement of installment sale liabilities	(5 016)	-	-
Closing balance	22 446	21 653	16 569

8. Environment rehabilitation provision

The environment rehabilitation provision reduced to R18.5 million (2013:R26.7 million) as a result of a reduction in the rehabilitation requirements.

9. Restatement of comparative periods

The following standards, amendments to published standards and interpretations which became effective for the year commencing on 1 March 2013 were adopted by the Group:

IFRIC 20 – Stripping costs in the production phase of a surface mine (effective date: 1 January 2013)

The transitional provisions of IFRIC 20 require an entity to apply this IFRIC to production stripping costs incurred on or after the beginning of the earliest period presented. The Group has adopted the IFRIC for the current accounting year, which commenced on 1 March 2013. The IFRIC is therefore applied to production stripping costs incurred on or after 1 March 2012.

R000's	2013			2012		
	As previously reported	Restatement for IFRIC 20	As restated	As previously reported	Restatement for IFRIC 20	As restated
Balance sheet impact						
Change in assets						
Property, plant and equipment						
Mining and mine development assets: Overburden costs	22 337	-	22 337	14 767	-	14 767
Accumulated depreciation	(2 677)	(17 767)	(20 444)	-	(13 754)	(13 754)
Change in equity and liabilities						
Retained earnings	(103 566)	(12 792)	(116 358)	198 603	(9 903)	188 700
Deferred tax liabilities	44 064	(4 975)	39 089	69 411	(3 851)	65 560
Income statement impact						
Increase in depreciation	(33 595)	(4 013)	(37 608)	(16 984)	(3 991)	(20 975)
Decrease in taxation – deferred tax	9 407	1 123	10 530	4 756	1 117	5 873
Decrease in net income for the year	(24 188)	(2 890)	(27 078)	(12 228)	(2 874)	(15 102)
Effect on dolomite and limestone segment report						
Profit/(loss) before tax	(316 671)	(4 013)	(320 684)	33 669	(3 991)	29 678
Total assets	375 959	(17 767)	358 192	693 325	(13 754)	679 571
Earnings/(loss) per share	(164.5)	(1.6)	(166.1)	15.0	(1.6)	13.4
Headline earnings/(loss) per share	(62.6)	(1.6)	(64.2)	10.3	(1.6)	8.7

Certain income and expense items included in the Condensed Consolidated Statement of Comprehensive Income of the comparative periods 2013 and 2012 have been reclassified to be aligned with the classification policies applied during 2014. This is as a result of the alignment of classification policies of the Group with its holdings company.

R000's	2013			2012		
	As previously reported	Reclassification	As reclassified	As previously reported	Reclassification	As reclassified
Revenue - Turnover	282 605	4 381	286 986	272 744	202	272 946
Cost of sales	(221 433)	(31 826)	(253 259)	(191 411)	(23 244)	(214 655)
Other income	530	774	1 304	882	(434)	448
Administration and other operating expenses	(52 060)	26 671	(25 389)	(34 663)	23 476	(11 187)

10. Related party transactions

	Reviewed 2014 R000's	Restated audited 2013 R000's	Restated audited 2012 R000's
Management and consulting fees paid to Afrimat Limited	9 736	-	-
Interest paid to Afrimat Limited	791	-	-
Dolomite products sold to Afrimat Limited group	6 590	-	-

Contributions made to the Infrasors Environmental Rehabilitation Trust	1 039	1 072	1 038
Rental recoveries from director controlled entity	-	192	252
Rent paid to director/shareholder controlled entity	190	1 492	1 137

11. Events after reporting date

No material events after the reporting date have been identified.

12. Contingent liability

On 25 June 2013 SARS issued an adjusted income tax assessment claiming R9.7 million additional tax, comprising of R7.3 million penalties and R2.4 million interest, relating to the activities of the subsidiary Lyttelton Dolomite Proprietary Limited 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. The Company's tax consultant confirmed that the Company's activities are of a mining nature.

13. Funding

ABSA has agreed to continue with the current funding arrangements for borrowings and the overdraft for a further 36-month period from 1 March 2014.

COMMENTARY

Basis of preparation

The reviewed condensed provisional consolidated financial results ("financial results") for the financial year ended 28 February 2014 ("year") have been prepared in accordance with the framework and concepts, and in accordance with and containing the information required by IAS 34: Interim Financial Reporting, the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), the SAICA financial reporting guides as issued by the Accounting Practices Committee and the South African Companies Act, No 71 of 2008 and comply with the JSE Listings Requirements. The accounting policies and methods of computation applied in the preparation of these financial results comply with IFRS and are consistent with those applied in the audited annual financial statements for the 12 months ended 28 February 2013, apart from the effect of the change in accounting policy related to the first time adoption of IFRIC 20 and except for the adoption of IFRS 10 – Consolidated Financial Statements, which changed the definition of control as well as IFRS 13 – Fair Value measurement which provides guidance on fair value measurement in existing IFRS accounting literature with a single standard. These two standards had no material impact on the Group.

The financial results have been prepared under the supervision of the Financial Director, M. Potgieter CA (SA).

Introduction

The financial results reflect the significant benefits for the Group of the turnaround initiatives introduced, which have seen a reversal of prior period losses.

Afrimat acquired a majority shareholding of 50.7% in Infrasors with effect from 1 March 2013. Afrimat has since incrementally increased its shareholding in the Company to 79.6%.

Financial results

Revenue for the year increased by 14.1% to R327.5 million (Restated 2013: R287.0 million), with the contribution from operations reversing from a prior year loss to a positive R15.1 million (Restated loss 2013: R28.0 million). The Group reported a profit after tax of R4.9 million, which also reversed the prior year loss (Restated loss 2013: R305.6 million) and includes the costs of impairment to assets amounting to R5.3 million (2013: R242.8 million).

Operational review

Activities in the **Silica** segment activities were constrained due to the declining raw material reserve at Delf Silica and the delay in obtaining the Delf Cullinan mining right. The **Dolomite** and **Limestone** segment reaped the benefits of the higher demand from the construction sector and cost reduction initiatives.

The turnaround initiatives throughout the Group are progressing satisfactorily with improved plant availability, increased production throughput and higher sales margins becoming evident.

There has been no material change in the Group's mineral reserves during the year.

Dividends

The Group's directors have elected not to declare a dividend for the financial year (2013: R nil) and will reconsider this only once the Groups borrowings have reduced to an acceptable level.

Prospects

The Group expects to remain a key supplier to the local construction and metallurgical markets and should in future also benefit from current cost reduction initiatives and its renewed focus on marketing.

Infrasors' key areas will remain expanding volumes, further reducing costs, continually improving efficiencies and developing the required skills level of our employees will remain a key focus in all operations.

Auditor's Review

The financial results for the year have been reviewed by the Company's auditors, Mazars Inc. Their unmodified review opinion is available for inspection at the Company's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The auditors' report does not necessarily report on all of the information contained in this report. 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 auditor's report together with the accompanying financial information from the Company's registered office.

On behalf of the board

M Noge
Chairman

LR Loubser
Managing Director

12 May 2014

ADMINISTRATIVE INFORMATION AT DATE OF THIS REPORT

Directors

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

All of the above directors are South African and resident in South Africa.

* *Non-executive director's*

Independent non-executive directors

Registered office

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(P.O. Box 14014, Lyttelton, 0140)

Sponsor

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Legal Advisers and Attorney

Webber Wentzel

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(P.O. Box 6771, Marshalltown, 2107)

Auditors

Mazars Inc

Designated auditor: Conrad Burger

Mazars House,

Railto Road, Grand Moorings Precinct, Century City, Cape Town, 7446

(P.O. Box 134, Century City, 7446)

Transfer Secretaries

Link Market Services South Africa Proprietary Limited

13th Floor, Rennie's House, 19 Ameshoff Street, Braamfontein, 2001

(P.O. Box 4844, Johannesburg, 2000)

Company secretary

M Swart

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