INFRASORS 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")

Unaudited Condensed Consolidated Results

for the six months ended 31 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 31 August 2012 R000's	Unaudited six months ended 31 August 2011 R000's
Revenue		**147 790**	130 862
Turnover		**144 232**	128 975
Cost of sales		**(112 228)**	(91 507)
Gross profit		**32 004**	37 468
Net administration and other operating expenses		**(16 976)**	(15 458)
Depreciation and amortisation		**(9 605)**	(8 196)
Net finance costs		**(2 928)**	(2 592)
Profit before tax		**2 495**	11 222
Income tax expense		**(728)**	(3 214)
Profit for the period		**1 767**	8 008
Total comprehensive income for the period		**1 767**	8 008
Analysis of profit and total comprehensive income:			
Attributable to the equity holders of Infrasors at the end of the period		**1 556**	8 008
Attributable to non-controlling interest at the end of the period		**211**	–
Total profit and comprehensive income for the period		**1 767**	8 008
Earnings per share (cents) – Basic and diluted	2	**0,8**	4,4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 August 2012 R000's	Audited as at 29 February 2012 R000's
Non-current assets	**624 551**	610 229
Property, plant and equipment	**352 306**	340 825
Investment property	**98 333**	98 089
Mineral rights	**92 464**	92 464
Goodwill	**129**	129
Held to maturity investment	**49 596**	49 596
Other financial assets	**19 676**	16 569
Deferred tax assets	**12 047**	12 557
Current assets	**74 821**	83 096
Inventories	**22 099**	19 962
Trade and other receivables	**43 779**	46 068
Cash and cash equivalents	**8 943**	17 066
Total assets	**699 372**	693 325
Capital and reserves		
Total equity	**464 054**	462 287
Issued capital	**255 620**	255 620
Revaluation reserve	**6 150**	6 150
Retained earnings	**200 159**	198 603
Non-controlling interest	**2 125**	1 914
Non-current liabilities	**170 364**	173 212
Borrowings	**77 216**	80 623
Environmental rehabilitation provision	**23 178**	23 178
Deferred tax liabilities	**69 970**	69 411
Current liabilities	**64 954**	57 826
Borrowings	**21 288**	22 115
Trade and other payables	**43 610**	35 452
Current tax liabilities	**56**	259
Total equity and liabilities	**699 372**	693 325

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 August 2012 R000's	Unaudited six months ended 31 August 2011 R000's
Cash inflow from operating activities	**19 583**	20 366
Cash outflow from investing activities	**(23 346)**	(13 385)
Cash (outflow)/inflow from financing activities	**(4 360)**	390
Net (decrease)/increase in cash and cash equivalents	**(8 123)**	7 371
Cash and cash equivalents at the beginning of the period	**17 066**	17 044
Cash and cash equivalents at the end of the period	**8 943**	24 415

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 August 2012 R000's	Unaudited six months ended 31 August 2011 R000's
Share capital	**918**	918
Share premium	**254 702**	254 702
Revaluation reserve	**6 150**	6 150
Retained income	**200 159**	179 057
Balance at the beginning of the period	**198 603**	171 049
Profit for the period in total comprehensive income	**1 556**	8 008
Non-controlling interest	**2 125**	–
Balance at the beginning of the period	**1 914**	–
Profit for the period in total comprehensive income	**211**	–
Balance at the end of the period	**464 054**	440 827

CONDENSED SEGMENT RESULTS

Segmental information is presented in the condensed unaudited consolidated financial statements in respect to the Group's business segments.

The business segmental reporting format reflects the Group's management and internal reporting structure. The segments are reported to the Group's management in terms of the nature of the minerals mined. Segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Silica R000's	Dolomite and Limestone R000's	Other R000's	Total R000's
31 August 2012				
Turnover from external customers	**46 230**	**98 002**	**–**	**144 232**
Inter-segment revenues	**–**	**–**	**9 000**	**9 000**
Profit/(loss) before tax	**2 758**	**6 810**	**(7 073)**	**2 495**
Total assets	**169 143**	**265 366**	**264 863**	**699 372**
31 August 2011				
Turnover from external customers	41 607	87 368	–	128 975
Inter-segment revenues	–	–	7 200	7 200
Profit/(loss) before tax	5 210	11 538	(5 526)	11 222
Total assets	105 698	247 086	288 591	641 375

MANAGEMENT COMMENTARY

Infrasors

Infrasors is a South Africa-based mining resources company developing, mining and beneficiating a spread of minerals for the local industrial, mining and construction sectors.

Its operations are conducted at its Lyttelton Centurion mine, Marble Hall mine, Delf Sand mine and its Delf Silica Coastal operation.

Financial and operation review

The subsidiaries Lyttelton Dolomite and Delf Silica had constrained performances but due to different pressures. At Lyttelton Dolomite, output was hampered by factors influencing the metallurgical market and by maintenance cost overruns on sections of the beneficiation plant. At the Delf Sand mine the operations are contending with a declining reserve.

Revenue of the Group for the period under review improved to R147,8 million (2011: R130,9 million), an increase of 12,9%. Total volumes sold for the Group reduced by 4 485 tons, a 0,5% decrease (2011: 1,9% increase).

The gross profit of the Group from operating activities for the period under review was R32,0 million (2011: R37,4 million), a decrease of R5,4 million (14,4%).

The profit before tax of the Group for the period under review was R2,5 million (2011: R11,2 million), a decrease of R8,7 million (77,7%), due to lower gross profit earnings, increased depreciation and increased finance costs. Depreciation and amortisation increased as a result of the additions to property, plant and equipment acquired compared to the corresponding period. Net finance cost increased to R2,9 million (2011: R2,6 million), as a result of increased interest rates paid on borrowings.

Cash generated from operating activities remained steady at R19,6 million (2011: R20,4 million). The cash outflow from investing activities increased to R23,3 million (2011: R13,4 million) as a result of mobile equipment acquired, along with over burden removal and investment in endowment policies held for rehabilitation and for settlement of instalment sale agreements. The net outflow of financing activities of R4,4 million (2011: inflow R0,4 million) was a result of payments made towards capital borrowings outstanding.

Trade and other payables increased due to higher amounts payable to sub-contractors owing to increased loading, hauling, drilling and blasting costs resulting from increased production, which led to higher quantities of stock piles of inventory on hand.

	Silica 2012	Silica 2011	Dolomite 2012	Dolomite 2011	Limestone 2012	Limestone 2011	Total 2012	Total 2011
Tons sold	**150 440**	146 230	**592 828**	568 732	**153 928**	186 719	**897 196**	901 681

Lyttelton Dolomite

Lyttelton Dolomite increased its turnover by R10,6 million to R98,0 million (2011: R87,4 million) mainly as a result of annual price increases and also by a change in the sales mix and an increase in logistics revenue.

The output of dolomite from the Lyttelton Centurion mine increased by 24 096 tons, a 4,2% increase (2011: 0,9% increase) mainly due to increased demand from the construction sector which compensated for the decline in metallurgical sales due to a prolonged labour unrest experienced by a major metallurgical customer.

The Lyttelton Centurion mine experienced abnormal repair and maintenance costs which contributed to the gross profit reducing by R3,7 million from R24,8 million in 2011 to R21,1 million for the current six months ended 31 August 2012. Similar maintenance costs and associated production downtime are not expected to be repeated during the second half of the year ending 28 February 2013. Further cost reduction measures have been implemented.

The Marble Hall mine output reduced by 32 791 tons, a 17,6% decrease (2011: 3,2% increase), to 153 928 tons (2011: 186 719 tons) mainly due to the curtailment of customers purchasing metallurgical products and the closure of furnaces during the high Eskom winter tariff period. However, additional off-take has been secured as from September 2012. The lost output was partially compensated by an increase in sales of powders. An additional powder mill was commissioned at the Marble Hall mine, raising the milling capacity in order to meet increased demand from the coal and agriculture sectors.

Delf Silica

Delf Silica increased turnover by R4,6 million from R41,6 million in 2011 to R46,2 million. The Delf Silica volumes increased by 4 210 tons, a 2,9% increase (2011: 4,1% increase) to 150 440 tons (2011: 146 230 tons) mainly as a result of improved sales at the Delf Silica Coastal operation.

Due to the reduction of the mining yield at the declining Delf Sand mine mineral reserve, it experienced increased beneficiation costs resulting in reducing the gross profit by R4,4 million from R12,9 million in 2011, to R8,5 million for the current six months ended 31 August 2012. This was partially offset by improved profits from the Delf Silica Coastal operation.

In line with the reducing yield of the Delf Sand mine deposit, cost-saving initiatives have been implemented in order to reduce the beneficiation costs and maximise the current sales mix.

Prospects

The New Order Mining Right was granted and executed for the Lyttelton Centurion mine on 7 August 2012. Together with the approval of expansion to the mining footprint area previously reported on and remodelling of the pit layout, the dolomite resources have increased by 50,5% to 81,1 million tons from 53,9 million tons in 2011. This gives a total life of mine of 50 years with the metallurgical component being 20 years.

As a result of the approval and execution of the New Order Mining Right and the associated increase in the Mineral Resources and Mineral Reserves, the Lyttelton Centurion mine has initiated the Lyttelton 2 project as was published in the SENS release on 16 August 2012. The project is aimed at increasing its production capacity and ensuring that the mine positions itself to become a low-cost producer. This will allow the mine to take up future demand in the local infrastructure development and will maximise its metallurgical grade component. The mine has seen steady increase in demand from the local construction sector, albeit that there are few large construction projects currently on the go.

The Marble Hall mine will have an increase in uptake of its metallurgical grade component in the next period as a result of concluding off-take discussions. Exploratory work is continuing on the ore body. The mine remains well-positioned to participate in the flue gas desulphurisation initiatives related to the energy sector and therefore continues to firm up its reserves.

Delf Silica is experiencing increased demand by the foundry sector for its product as a result of the railway infrastructure initiative by Transnet. However, supply from the greenfields project Delf Cullinan mine is being delayed due to the lack of obtainment of timely environmental regulatory approvals. Relevant Department of Mineral Resources and Department of Water Affair approvals have been obtained. The Group continues to work through the environmental regulatory approvals for the Delf Cullinan mine and anticipates that mine development will commence early 2013. The new mine is a replacement project for the existing Delf Sand mine and will result in improved yields, increased beneficiation capacity and improved profit margins.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements for the six-month period ended 31 August 2012 have been prepared in accordance with and containing information required by International Accounting Standard ("IAS") 34: Interim Financial Reporting, as well as the AC 500 series as issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the South African Companies Act, 71 of 2008, as amended. The unaudited condensed consolidated financial statements are prepared on the historical cost basis, with the exception of certain financial instruments and investment property which are measured at fair value. The results of the interim period are not necessarily indicative of the results for the entire year, and these unaudited financial statements should be read in conjunction with the audited financial statements for the year ended 29 February 2012. The condensed consolidated financial statements for the six-month period ended 31 August 2012 have not been audited nor reviewed.

The unaudited condensed consolidated financial statements were authorised for issue by the directors on 6 November 2012 for publication on 8 November 2012. The condensed consolidated financial statements for the six-month period ended 31 August 2012 have been prepared by the Financial Director, Mr M Potgieter, CA(SA).

The preparation of unaudited condensed consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Although these estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may differ from those estimates.

The accounting policies and methods of computation are in terms of International Financial Reporting Standards and have been applied consistently by the Group to all periods presented in these unaudited condensed consolidated financial statements. All comparative figures throughout this report relate to the corresponding period of the prior year.

2. Earnings per share ("EPS") reconciliation – Basic and diluted

EPS is based on the Group's profit for the six-month period ended 31 August 2012, divided by the weighted average number of shares in issue during the six-month period and its comparative six-month period ended 31 August 2011.

Six months ended 31 August 2012			Six months ended 31 August 2011		
Net profit R000's	**Weighted average number of shares in issue 000's**	**Earnings per share Cents**	Net profit R000's	Weighted average number of shares in issue 000's	Earnings per share Cents
1 556	**183 709**	**0,8**	8 008	183 709	4,4

Headline earnings per share ("HEPS") reconciliation – Basic and diluted

HEPS is based on the Group's headline earnings divided by the weighted average number of shares in issue during the six-month period ended 31 August 2012 and its comparative six-month period ended 31 August 2011.

	Six months ended 31 August 2012			Six months ended 31 August 2011		
	Net profit R000's	**Weighted average number of shares in issue 000's**	**Headline earnings per share Cents**	Net profit R000's	Weighted average number of shares in issue 000's	Headline earnings per share Cents
Net profit	**1 556**			8 008		
Profit on sale of assets	**(204)**					
Tax effect on headline adjustments	**57**					
	1 409	**183 709**	**0,8**	8 008	183 709	4,4

3. Dividends

The directors have elected not to declare a dividend for the period ended 31 August 2012 (2011: R nil).

4. Related party transactions

	Unaudited period ended 31 August 2012 R000's	Unaudited period ended 31 August 2011 R000's
Product purchases between fellow subsidiary companies	**135**	100
Management and consulting fees paid to Infrasors Holdings Limited	**9 000**	7 200
Interest paid by subsidiaries to holding company	**74**	155
Contributions made to the Infrasors Environmental Rehabilitation Trust	**519**	519
Rental recoveries from director controlled entity	**145**	131
Rent paid to Whirlprops 35 Proprietary Limited	**675**	385

5. Subsequent events

No material subsequent events have been identified.

6. Directorate and Company Secretary

Mochele Noge# (Chairman), Stephen Courtney* (Deputy Chairman), Trevor Robinson (Chief Executive Officer), Marius Potgieter (Financial Director), Chris Boulle#, Percy Ying#, Hugh Courtney*∞, Kerry Colley (Company Secretary).

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

* Non-executive directors # Independent non-executive directors ∞ alternate to Stephen Courtney

On behalf of the board

M Noge
Chairman

T Robinson
Chief Executive Officer

Johannesburg
8 November 2012

Sponsor
Sasfin Capital
A division of Sasfin Bank Limited

Auditors
Mazars

Legal Advisers and Attorneys
HR Levin Attorneys Notaries and Conveyancers

Transfer Secretaries
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