

INCOME STATEMENT

		2008	2007	2007
	%	First half	First half	Year
	change	Unaudited	Unaudited	Audited
		R millions	R millions	R millions
Continuing operations				
Revenue ⁽¹⁾	+43	5 659	3 964	8 521
Net operating costs		5 132	3 595	7 764
Profit from operations	+43	527	369	757
Net income from pension fund employer surplus account		6	24	30
Net income from plan assets for post-employment medical aid liabilities		(3)	36	36
		530	429	823
Fair value adjustments on derivative instruments		3	4	5
Interest paid (net of interest capitalised) ⁽²⁾		(104)	(88)	(159)
Interest received		19	21	28
Income from associates and investments		8	5	12
		456	371	709
Impairment of goodwill		(1)	(2)	(20)
Restructuring costs, disposals and other impairments		(6)	3	2
Profit before tax		449	372	691
Tax		(146)	(119)	(218)
Net profit from continuing operations		303	253	473
Net profit from discontinued operations		35	11	(6)
Profit before tax		40	27	46
Closure costs		—	—	(117)
Impairments and disposals		5	(9)	64
Tax		(10)	(7)	1
Net profit		338	264	467
Attributable to preference and minority shareholders		12	(3)	(12)
Profit attributable to ordinary shareholders		350	261	455
Headline earnings are derived from:				
Net profit attributable to ordinary shareholders		350	261	455
Impairment of goodwill		1	2	20
Other impairments and disposals before tax		1	6	(66)
Tax effects of the above items		—	(2)	(17)
Headline earnings		352	267	392
Per ordinary share (cents):				
Headline earnings	+35	325	242	355
Diluted headline earnings ⁽⁴⁾		323	239	352
Attributable earnings		324	236	412
Diluted attributable earnings ⁽⁴⁾		321	234	408
Continuing earnings		291	226	417
Diluted continuing earnings ⁽⁴⁾		289	224	414
Dividends declared	+11	80	72	213
Dividends paid		141	141	213
Ordinary shares (millions) ⁽³⁾				
– in issue		107	110	110
– weighted average number of shares		108	110	110
– diluted weighted average number of shares		109	112	111

BALANCE SHEET

at 30 June

	2008	2007	2007
	30 June	30 June	31 December
	Unaudited	Unaudited	Audited
	R millions	R millions	R millions
Assets			
Non-current assets	3 847	3 619	3 557
Property, plant and equipment	1 871	1 721	1 567
Investment property	410	412	411
Goodwill	978	1 015	986
Pension fund surplus	232	220	226
Investments	134	132	124
Deferred tax	222	119	243
Current assets	6 237	4 471	4 699
Inventory	2 276	1 938	1 580
Accounts receivable	2 668	2 139	2 024
Assets classified as held for sale	772	—	667
Cash and cash equivalents	521	394	428
Total assets	10 084	8 090	8 256
Equity and liabilities			
Ordinary capital and reserves	3 859	3 698	3 788
Preference capital and minority interest in subsidiaries	135	134	141
Total shareholders' interest	3 994	3 832	3 929
Non-current liabilities	1 037	905	954
Deferred tax	73	32	78
Non-current borrowings	557	526	502
Non-current provisions	407	347	374
Current liabilities	5 053	3 353	3 373
Accounts payable	2 924	2 196	2 021
Current borrowings	1 639	1 060	927
Liabilities classified as held for sale	325	—	250
Tax payable	165	97	175
Total equity and liabilities	10 084	8 090	8 256

INDUSTRY SEGMENT ANALYSIS

for the half-year ended 30 June

	Revenue		Profit from operations		Net assets	
	2008	2007	2008	2007	2008	2007
	Unaudited		Unaudited		Unaudited	
	R millions		R millions		R millions	
Continuing operations						
Mining solutions	1 655	1 294	92	86	1 693	1 223
Specialty chemicals	3 863	2 581	386	256	3 141	2 567
Property	292	212	88	41	525	409
Group services, intergroup and other	(151)	(123)	(39)	(14)	(75)	(116)
	5 659	3 964	527	369	5 284	4 083
	858	1 446	41	29	413	946
Discontinued operations						
Decorative coatings	—	369	—	17	—	219
Specialty chemicals	—	15	—	(3)	—	—
Specialty fibres	858	1 062	41	15	413	727
	6 517	5 410	568	398	5 697	5 029

Net assets consist of property, plant, equipment, investment property and goodwill, inventory, accounts receivable less accounts payable.

The net assets of the specialty fibres segment in 2008 are assets, and directly related liabilities, classified as held for sale.

CASH FLOW STATEMENT

	2008	2007	2007
	30 June	30 June	31 December
	Unaudited	Unaudited	Audited
	R millions	R millions	R millions
Cash generated by operations	715	536	1 122
Dividends received	7	4	12
Financing costs	(117)	(91)	(173)
Interest received	20	22	30
Taxes paid	(151)	(107)	(196)
Changes in working capital	(282)	(166)	(801)
Expenditure relating to non-current provisions	(26)	(31)	(67)
Expenditure relating to restructuring	(102)	(12)	(1)
Cash available from operating activities	64	155	126
Dividends paid	(152)	(156)	(237)
Cash flows from operating activities	(88)	(1)	(111)
Cash flows from investing activities	(372)	(255)	74
Proceeds from disposal of investments and businesses	—	5	17
Proceeds from disposal of discontinued operations	—	22	761
Investments	(1)	(7)	(59)
Net capital expenditure	(371)	(275)	(645)
Expenditure on repurchasing own shares	(237)	—	—
Net cash utilised	(697)	(256)	(37)
Cash flows from financing activities	767	271	108
Increase/(decrease) in cash and cash equivalents	70	15	71
Cash and cash equivalents at the beginning of the period	428	375	375
Translation gain/(loss) on cash and cash equivalents	39	4	(5)
Classified as held for sale	(16)	—	(13)
Cash and cash equivalents at the end of the period	521	394	428

STATEMENT OF CHANGES IN EQUITY

	2008	2007	2007
	30 June	30 June	31 December
	Unaudited	Unaudited	Audited
	R millions	R millions	R millions
Profit for the period	338	264	467
Dividends paid	(152)	(156)	(237)
Revaluation of derivative instruments	19	(3)	(1)
Foreign currency translation differences net of deferred tax	96	4	(8)
Changes in the Group	—	—	(17)
Other	1	(4)	(2)
Net increase in equity for the period before share repurchase	302	105	202
Repurchase of own shares	(237)	—	—
Equity at the beginning of the period	3 929	3 727	3 727
Equity at the end of the period	3 994	3 832	3 929
Made up as follows:			
Issued ordinary capital	216	453	453
Non-distributable reserves	374	289	271
Surplus arising on revaluation of property, plant and equipment	236	257	243
Foreign currency translation reserve net of deferred tax	89	24	17
Retained earnings of associates	1	1	1
Derivative revaluation reserve	19	—	—
Other	29	7	10
Retained income	3 269	2 956	3 064
Preference capital	6	6	6
Minority interest	129	128	135
	3 994	3 832	3 929

OTHER SALIENT FEATURES

	2008	2007	2007
	30 June	30 June	31 December
	Unaudited	Unaudited	Audited
	R millions	R millions	R millions
Capital expenditure - property, plant and equipment	395	282	688
– expansion	260	170	381
– replacement	135	112	307
Capital commitments	1 379	1 264	1 251
– contracted for	887	17	340
– not contracted for	492	1 247	911
Future rentals on property, plant and equipment leased	211	298	253
– payable within one year	36	64	77
– payable thereafter	175	234	176
Net contingent liabilities and guarantees	141	117	140
Net borrowings	1 675	1 192	1 001
Gearing (%)	42	31	25
Current assets to current liabilities	1.2	1.3	1.4
Net asset value per ordinary share (cents)	3 608	3 349	3 430
Depreciation – continuing operations	100	79	164
– discontinued operations	—	35	69

NOTES

- (1) Basis of preparation

The Group interim financial results have been prepared in accordance with the historic cost convention except for certain financial instruments, which have been stated at fair value. Accounting policies have been applied consistently by all entities in the Group and are consistent with those applied in the previous financial year. The Group interim financial results and accounting policies comply with the listings requirements of the JSE Limited, International Financial Reporting Standards, the disclosure requirements of IAS 34 – Interim Financial Reporting and the South African Companies Act, 1973, as amended.

- (2) Includes foreign sales of R1 223 million (2007: R725 million).

- (3) Interest capitalised in the period amounted to R11 million (2007–nil).

- (4) Calculated in accordance with IAS33. The Company has purchased call options over AECI shares which will obviate the need for the Company to issue new shares in terms of the AECI share option scheme. In practice, therefore, there will be no future dilution.

- (5) Net of treasury shares held by a subsidiary company.

- (6) 2007 half-year headline earnings was adjusted for retrenchment costs paid. In September 2007 SAICA issued Circular 9/2008 which outlined remeasurements to be excluded from headline earnings. As a result, headline earnings for the year ended 31 December 2007 were not adjusted for the retrenchment costs. Therefore, the 2007 mining solutions trading profit and Group headline earnings have decreased by R11 million while attributable earnings are unchanged.

- (7) Disposal groups and discontinued operations
Dulux and SANS Fibres have been classified as discontinued operations and the comparative figures adjusted accordingly. Dulux was disposed of in 2007. SANS Fibres' assets and liabilities were classified as held for sale in December 2007 and property, plant and equipment has not depreciated in 2008.

- (8) The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.