

ILIAD AFRICA LIMITED

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007
AND RENEWAL OF CAUTIONARY

TURNOVER↑31% OPERATING PROFIT↑30% EPS↑36%



E N E R G Y | P A S S I O N | F O C U S | P E R F O R M A N C E

NATURE OF BUSINESS

Iliad Africa Ltd ("Iliad" or "the group") focuses on sourcing, distributing, wholesaling and retailing general and specialised building materials. A range of customers, from large-scale contractors to do-it-yourself homeowners, are serviced through 102 stores.

FINANCIAL HIGHLIGHTS

Iliad has posted its tenth successive period of half-year growth in earnings for the six months to 30 June 2007. In line with expectations, results for the period showed a 36% increase in earnings per share to 70,8 cents against the comparable period in 2006. Turnover increased by 31% to R1,9 billion while the operating margin remained at 7,4%.

Increased activity required more working capital, which remained well managed at 8%.

The year-on-year drop in the rate of taxation for the period was primarily due to no STC being paid, as the distribution was made out of share capital.

OPERATIONAL REVIEW

Iliad's solid operating results reflect its unfolding strategic thrust and continued demand in the marketplace. Supply-line shortages during the period placed pressures on gross margins which have now stabilised.

Solid growth was experienced in the residential market and the flow of work from the non-residential market gained momentum. Early signs of a slowing residential market are evident.

The general building materials division experienced a phenomenal six-month period on the back of higher-than-expected market growth, particularly in the outlying towns.

The Campwell Hardware acquisition has performed in line with expectations and is on track to achieve the warranted profit.

The cash & carry cluster consisting of ten stores is operating profitably, although the continued organic roll out has temporarily been suspended, pending normalisation of cement supplies.

The specialised building materials division produced a more muted performance due to slow commercial project flow in the first quarter. The pipeline is now looking healthy and we expect a solid second half.

The operating performance of the wholesale cluster continued its improvement. The cluster has operated off a solid base for the full six months and we are confident that the next six months will continue to produce further improvements. We see significant further potential for this cluster.

Inflation on locally sourced product rose to 10% while the total group averaged closer to 8%.

ACQUISITIONS

During the period no new acquisitions were concluded. Subsequent to the review period, two acquisitions were announced.

The general building materials division acquired USM Building Materials located in Uitenhage with another outlet in Jeffreys Bay. In line with our strategic thrust, this acquisition accelerates the division's geographic roll-out.

The specialised building materials division acquired Thorpe Timbers located in Gauteng. With the projected timber shortage looming, it was strategically important to gain access to the flow of imported timber. Thorpe Timbers provides both the expertise and the market know-how in this regard. It also provides an opportunity for geographic expansion.

These acquisitions will add over R300 million to Iliad's turnover over a 12-month period.

Both are subject to competition authority approval. As a result we do not expect more than three months' contribution to profits from these acquisitions in the financial year.

THE MARKETPLACE

The residential market has been driven by the middle-income sector during the period. Clear signs of a slowdown in growth are apparent as a result of rising interest rates and the introduction of the National Credit Act. Developers are also finding it increasingly difficult to acquire serviced land on which to build.

The commercial market is showing reasonable growth, largely offsetting the slowdown in the residential market. This, together with a solid additions, refurbishment and alterations market, will ensure acceptable levels of activity for Iliad into 2008.

Inflationary pressures in the marketplace are beginning to be felt from a material supply perspective, which may add to a slowing rate of growth into the future.

PROSPECTS

Iliad enters the second half of FY2007 on a sound footing. Despite the general slowing of activity in the residential market, the group is well positioned to capitalise on the commercial market as well as growth in the additions, refurbishment and alterations market.

ACCOUNTING POLICIES

The unaudited results of the group for the six months ended 30 June 2007 have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards. Except for the application of AC 503 - Accounting for Black Economic Empowerment (BEE) Transactions, details of which are set out below, these policies are consistent with those of the previous period.

On 18 March 2005 the group concluded a broadbased BEE transaction. In terms of which options were granted for 12 243 804 ordinary shares at a strike price to be calculated in accordance with a formula. These options have been independently valued at R40 246 899.

During the current period the group has retrospectively adopted AC503 Accounting for BEE transactions, the implications of which are as follows:

- The profit for the year ended 31 December 2005 has been restated with a corresponding credit of R40 246 899 to shareholders equity resulting in the earnings and headline earnings per share for the year ended 31 December 2005 being reduced by 27,8 cents per share.
- Apart from the reclassification between the various components of shareholders' equity as stated above, there has been no impact on the 2006 or 2007 results.

DISTRIBUTIONS

In line with the Group policy, no interim distribution has been declared.

FURTHER CAUTIONARY ANNOUNCEMENT

Further to the cautionary announcement released on the Securities Exchange News Service of the JSE Limited on 18 July 2007 regarding a request received by the board of directors of Iliad to enter into discussions which may lead to the making of an offer for the entire issued ordinary share capital of Iliad, shareholders of Iliad are advised that these discussions are ongoing.

Accordingly, shareholders of Iliad are advised to continue exercising caution when dealing in securities of Iliad until a further announcement is made.

For and on behalf of the Board of Directors
23 August 2007



Ralph Patmore Chief Executive Officer



Neil Goosen Financial Director

BALANCE SHEET

	Unaudited 30 June 2007	Unaudited 30 June 2006	Audited 31 Dec 2006
R000			
ASSETS			
Non-current assets			
Property, plant and equipment	56 151	48 389	56 498
Intangible assets	373 461	173 315	373 461
Deferred taxation	19 297	14 789	20 798
Total non-current assets	448 909	236 493	450 757
Current assets			
Inventories	638 716	490 031	584 638
Trade and other receivables	513 053	401 219	403 884
Cash and cash equivalents	60 547	161 749	156 854
Total current assets	1 212 316	1 052 999	1 145 376
Total assets	1 661 225	1 289 492	1 596 133
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	145 440	204 013	204 014
Share based payment reserve	40 247	40 247	40 247
Retained income	606 697	376 809	503 019
Total shareholders' equity	792 384	621 069	747 280
Non-current liabilities			
Long-term borrowings	52 805	844	53 209
Total non-current liabilities	52 805	844	53 209
Current liabilities			
Trade and other payables	803 637	647 574	764 552
Short-term borrowings	1 188	1 211	1 297
Taxation	11 211	18 794	29 795
Total current liabilities	816 036	667 579	795 644
Total equity and liabilities	1 661 225	1 289 492	1 596 133

INCOME STATEMENT

	% Increase	Unaudited 6 months ended 30 June 2007	Unaudited 6 months ended 30 June 2006	Audited 12 months ended 31 Dec 2006
R000				
Turnover	31	1 963 588	1 501 074	3 368 388
Cost of sales		1 443 105	1 087 974	2 398 881
Gross margin		520 483	413 100	969 507
Administration, selling and distribution expenses		375 178	301 588	691 447
Operating profit	30	145 305	111 512	278 060
Net (finance charges) / investment income		(1 560)	1 436	2 310
- Interest paid		(9 295)	(1 415)	(6 200)
- Interest received		1 746	1 637	3 355
- Dividends received		5 989	1 214	5 155
Profit before taxation		143 745	112 948	280 370
Taxation		(40 067)	(36 973)	(78 186)
Profit for the period	36	103 678	75 975	202 184

RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

Profit for the period	103 678	75 975	202 184
Adjusted for:			
Profit on disposal of property, plant and equipment	(598)	(494)	(1093)

Headline earnings for the period	37	103 080	75 481	201 091
Number of ordinary shares in issue at end of period including 7 851 111 treasury shares (2006: 7 851 111 treasury shares)		154 284 519	154 284 519	154 284 519

Weighted average number of ordinary shares in issue net of treasury shares		146 433 408	146 049 889	146 240 876
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Diluted weighted average number of ordinary shares in issue net of treasury shares		152 194 619	150 671 887	150 403 056
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Headline earnings per share (cents)	36	70,4	51,7	137,5
Earnings per share (cents)	36	70,8	52,0	138,3
Diluted headline earnings per share (cents)	35	67,7	50,1	133,7
Diluted earnings per share (cents)	35	68,1	50,4	134,4
Distribution per share (cents)				40,0

ABRIDGED CASH FLOW STATEMENT

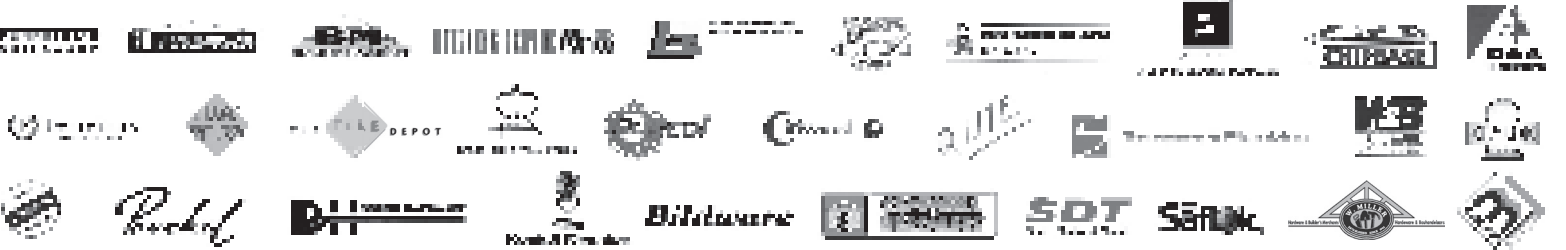
	Unaudited 6 months ended 30 June 2007	Unaudited 6 months ended 30 June 2006	Audited 12 months ended 31 Dec 2006
R000			
Cash flows from operating activities	(27 403)	30 978	197 874
Cash flows from investment activities	(9 817)	(16 264)	(208 128)
Cash flows from financing activities	(59 087)	(47 086)	(45 848)
Decrease in cash and cash equivalents	(96 307)	(32 372)	(56 102)
Cash and cash equivalents at beginning of the period	156 854	192 623	192 623
Cash and cash equivalents acquired		1 498	20 333
Cash and cash equivalents at end of the period	60 547	161 749	156 854

SUPPLEMENTARY INFORMATION

	Unaudited 30 June 2007	Unaudited 30 June 2006	Audited 31 Dec 2006
Net asset value per share (cents)	541,1	429,0	510,3
Net tangible asset value per share (cents)	286,1	305,8	255,3
Capital expenditure (R000)	12 083	6 462	20 531
Purchase of new businesses (R000)		11 120	242 130
Capital commitments (R000)			
- approved and contracted	30 950	11 690	20 150
- approved not contracted	15 100	7 800	13 600
Depreciation (R000)	11 006	10 662	22 254

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Unaudited 30 June 2007	Unaudited 30 June 2006	Audited 31 Dec 2006
R000			
Balance at the beginning of the period	747 280	591 349	591 349
Movements in share capital	(58 574)	605	606
Options exercised		605	606
Distribution out of share capital	(58 574)		
Movement in retained income	103 678	29 115	155 325
Profit after taxation	103 678	75 975	202 184
Dividends paid		(46 860)	(46 859)
Total shareholders' equity at end of the period	792 384	621 069	747 280



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