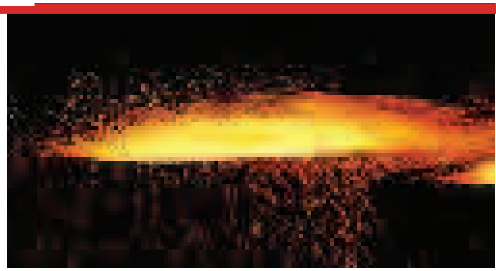
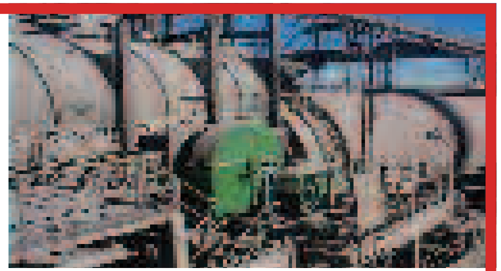
Insimbi Refractory and Alloy Supplies Limited
Formerly Insimbi Alloy Supplies (Proprietary) Limited
(Registration number 2002/029821/06)
JSE share code: ISB ISIN Number: ZAE000116828
("Insimbi" or "the company")

REVIEWED FINANCIAL RESULTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

HIGHLIGHTS

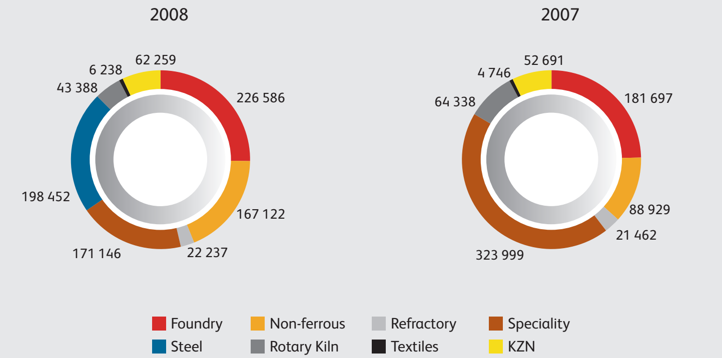
- Revenue of R897,4 million up by 21,6 %
- Operating profit of R53,5 million up by 80,2 %
- Profit before tax of R44,9 million up by 79,6 %
- Attributable earnings of R26,6 million up by 55,4 %
- Headline earnings of R22,4 million up by 31,1 %
- The listing of Insimbi on Alt[x] post year end

Condensed consolidated income statement

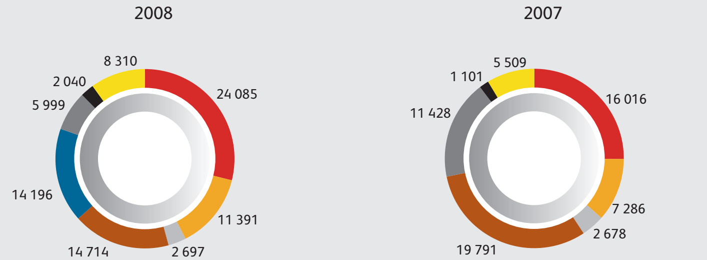
	Reviewed 12 months 29 February 2008 R'000	Audited 12 months 28 February 2007 R'000
Revenue	**897 428**	737 862
Gross profit	**83 432**	63 809
Net administration and other operating costs	**(29 965)**	(34 138)
Operating profit	**53 467**	29 671
Share of associate company's profit	**1 449**	993
Profit on disposal of associate company	**5 469**	–
Finance costs	**(15 670)**	(5 832)
Interest received	**190**	158
Profit before taxation	**44 905**	24 990
Taxation	**(18 346)**	(7 904)
Attributable to equity shareholders	**26 559**	17 086

Segmental reporting – revenue and gross profit

Revenue by division



Gross profit by division



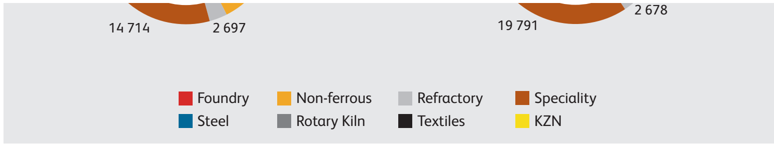
Taxation	**(18 346)**	(7 904)
Attributable to equity shareholders	**26 559**	17 086
Reconciliation of headline earnings		
Profit on disposal of property, plant and equipment	**(142)**	(6)
Profit on disposal of investment in associate company	**(4 019)**	–
Headline earnings	**22 398**	17 080
Number of shares in issue (Pre-listing)	**5 364**	5 364
Basic and fully diluted:		
Earnings per share (Rands)	**4 951,34**	3 185,31
Headline earnings per share (Rands)	**4 175,62**	3 184,19
Number of shares on listing (000's)	**260 000**	260 000
Pro forma basic and fully diluted:		
Earnings per share (cents)	**10,22**	6,57
Headline earnings per share (cents)	**8,61**	6,57

Condensed consolidated balance sheet

	Reviewed 12 months 29 February 2008 R'000	Audited 12 months 28 February 2007 R'000
ASSETS		
Non-current assets	**41 690**	43 705
Current assets	**182 621**	194 833
Cash and cash equivalents	**6 894**	37 715
Total assets	**231 205**	276 253
EQUITY AND LIABILITIES		
Share capital and reserves	**4 066**	65 411
Non-current liabilities	**84 510**	24 421
Current liabilities	**142 629**	186 421
Total equity and liabilities	**231 205**	276 253

Condensed consolidated cash flow statement

	Reviewed 12 months 29 February 2008 R'000	Audited 12 months 28 February 2007 R'000
Cash generated by operations before working capital changes	**55 210**	31 330
(Increase) decrease in working capital	**(45 045)**	18 010
Cash generated by operations	**10 165**	49 340
Net financing costs	**(15 480)**	(5 674)
Dividends paid	**(87 904)**	–
Taxation paid	**(11 703)**	(10 157)
Cash flows from operating activities	**(104 922)**	33 509
Cash flows from investing activities	**7 010**	(2 240)
Cash flows from financing activities	**67 091**	(5 608)
Net (decrease) increase in cash and cash equivalents	**(30 821)**	25 661
Cash and cash equivalents at the beginning of the period	**37 715**	12 054
Cash and cash equivalents at the end of the period	**6 894**	37 715



Finance costs increased from R5,8 million to R15,7 million as a result of increased borrowings to fund the MBO. A summary of the interest bearing borrowings is reflected below:

	2008	2007
Interest bearing borrowings		
Nedbank loans	**88 512**	27 090
Nedbank instalment leases	**1 769**	1 131
Nedbank overnight loan	**15 200**	–
Shareholders' loans	**5 352**	15 521
	110 833	43 742
Less current portion	**26 323**	19 321
	84 510	24 421

The impact on earnings per share and headline earnings per share as a result of the increased borrowings is R1 834,41 per share based on 5 364 shares in issue at year end and 3,78 cents per share based on 260 million shares issued on listing.

With the settlement of some of these borrowings, from the funds raised by the listing, the remaining debt bears interest at a fixed rate of 12,05%, which in the current interest rate climate is very positive for the company.

Cash generated by operations was R10,2 million which was down from R49,3 million in the previous year, mainly as a result of an increase in working capital requirements due to higher stock holdings and a reduction in creditors' balances. Insimbi continues to generate positive cash flows which are a result of increased profitability and strong working capital management as well as increased sales volumes and commodity prices.

Prospects

It is anticipated that production will commence at the recently acquired secondary aluminium smelter by the end of May 2008. The capacity of the plant has increased from an expected 900 tons to approximately 1 300 tons of finished aluminium alloy per month, due to the reconfiguration and streamlining of the plant.

The environment in which Insimbi operates remains extremely favourable and the continued focus in South Africa on the improvement and rehabilitation of local infrastructure, the demand driven escalation in commodity prices and weaker currency, should lead to increased organic growth in volumes, revenues and margins for Insimbi in the new financial year.

Subsequent to the year end, trading conditions have continued to improve and so further improvement is anticipated for the 2009 financial results.

Insimbi is committed to using its new capital raising platform to identify strategic acquisitions and stakes in producers of ferrous and non-ferrous alloys which are key to the operations. With a view to securing its long-term supply "pipe-line" Insimbi has embarked upon an aggressive strategy to identify suitable investment opportunities.

Pre-Listing Statement ("PLS")

Subsequent to the successful listing of Insimbi on the Alt^{x} in March 2008 and during the course of the February 2008 year end audit, it was identified that Secondary Taxation on Companies ("STC") of R6 million, payable on the declaration of the preference dividend, pursuant to the redemption of the preference shares, was inadvertently excluded from the taxation charge in the Year Ending February 2008 Forecast (pages 6 and 44 of the PLS). This had an effect of reducing the EPS calculated on the 29 February 2008 forecast by 2,31 cents per share i.e. the forecast taxation charge of R8,8 million should have been R14,8 million and EPS of 10,94 cents per share should have been 8,61 cents per share. The STC, which was paid to SARS in May 2007 was however correctly disclosed in the Report of Consolidated Historical Financial Information for the Insimbi Group for the Six Months Ended 31 August 2007 (note 11 page 96 of Annexure 4). Notwithstanding this disclosure, a pro forma EPS of 10,22 and HEPS of 8,61 cents per share, respectively, was achieved.

Cash and cash equivalents at the end of the period	**6 894**	37 715

Statement of changes in equity

	Reviewed 12 months 29 February 2008 R'000	Audited 12 months 28 February 2007 R'000
Share capital (Ordinary)		
At beginning and end of year	*	*
Retained earnings		
At beginning of year	**65 411**	48 325
Net profit for the year	**26 559**	17 086
Dividends paid	**(87 904)**	–
At end of year	**4 066**	65 411

*Share capital equals 5 364 shares of 1 cent each = R53,64.

Commentary

Insimbi was listed on the Alternative Exchange("Alt^{x}") of the JSE Limited ("JSE") on 14 March 2008. Shareholders are reminded that the financial results presented are for the unlisted group for the year ended 29 February 2008.

Insimbi has posted pleasing financial results for the year ended 29 February 2008, in its 38th year of operation and third month as a listed company on the JSE.

Group review

Insimbi is principally a supplier of ferrous and non-ferrous alloys, as well as refractory products, integrating the full supply, logistics and technical support function, primarily to the steel, cement and foundry industries. The company operates on a divisional basis, each specialising in specific industries and target markets. Most of the divisions are targeted at the infrastructure sector. The divisions are managed by divisional Directors who have in excess of 100 years' combined experience in their specific target markets.

Insimbi listed on Alt^{x} to primarily place it in a position to access capital markets, with a view to facilitate future strategic acquisitions, which will ensure long-term sustainable growth. To this end a secondary aluminium smelting facility was acquired and some of the debt raised to fund a successful management buyout ("MBO"), which was concluded in April 2007, was settled.

The increase in revenue and operating profit by R159,6 million and R23,8 million respectively can be attributed to increased demand for Insimbi products and an improvement in gross margins from 8,7 % in 2007 to 9,3 % in 2008. The enhanced gross margins were achieved as a result of increased focus on strategic stock holdings, a weaker currency, and strong operating cost control which saw net administration and other operating costs decreasing by 12,2 % in 2008.

Group for the Six Months Ended 31 August 2007 (note 11 page 96 of Annexure 4). Notwithstanding this disclosure, a pro forma EPS of 10,22 and HEPS of 8,61 cents per share, respectively, was achieved.

It should be noted that the above has no impact on the Year Ending 28 February 2009 forecast.

Dividend policy

Going forward, Insimbi intends to adopt a competitive dividend policy, which should reflect the growth, long-term earnings and cash flow of Insimbi, while maintaining an appropriate dividend cover. The directors are of the opinion that the dividend policy proposed in the PLS is achievable.

Basis of preparation of the reviewed results

The condensed financial statements comprise a consolidated balance sheet at 29 February 2008, a consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year ended 29 February 2008. The condensed financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, JSE Listings Requirements and South African Companies Act.

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value. The accounting policies adopted have been consistently applied.

Reviewed results

The auditors, BDO Spencer Steward (JHB) Inc have reviewed these results and their unmodified review opinion is available for inspection at the company's registered office.

These results and an overview of Insimbi are available at www.insimbi-alloys.co.za.

By order of the Board

DJ O Connor MD

Wadeville
26 May 2008

Registered office
359 Crocker Road, Wadeville Ext 4,
Germiston, 1422
(PO Box 14676, Wadeville, 1422)
Telephone: 011 902 6930

Directors
Directors at 29 February 2008
DJ O Connor (MD), PJ Schutte, CF Botha, F Botha
R Makkink, LT Tessendorf (alt), EP Liechti

Subsequent to year end, the following changes have been made to the Board:
DJ O Connor appointed non-executive chairman
PJ Schutte appointed CEO
L Mashologu appointed as an independent non-executive director

Company Secretary
Roy Makkink

Transfer secretaries
Computershare Investor Services
(Proprietary) Limited
PO Box 61051, Marshalltown 2107
Telephone: 011 370 5000

Designated Adviser
PricewaterhouseCoopers
Corporate Finance (Proprietary) Limited
2 Eglin Road, Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)
Telephone: 011 797 4440

Website address
www.insimbi-alloys.co.za

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