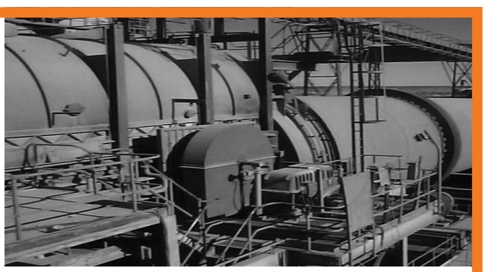
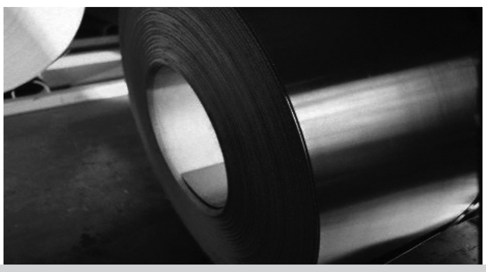
INSIMBI

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 group")





PROVISIONAL FINANCIAL RESULTS

for the year ended 28 February 2009

HIGHLIGHTS

- Revenue up 8 % to R969 million
- Operating profit up 62 % to R87 million
- Profit before tax up 69 % to R76 million
- EPS up 102 % to 20,67 cents per share
- HEPS up 143 % to 20,94 cents per share
- Net cash up 391 % to R34 million
- NAV per share up 2,161 % to 35,4 cents per share
- Proposed final dividend of 5 cents per share

Condensed Consolidated Income Statement

	Reviewed 2009 R'000	Audited 2008 R'000
Revenue	**969 041**	897 428
Gross profit	**140 194**	83 432
Other operating income	**465**	4 395
Other operating expenses	**(25 239)**	(21 424)
Administration expenses	**(28 484)**	(12 936)
Operating profit	**86 936**	53 467
Investment revenue	**525**	190
Finance costs	**(11 275)**	(15 670)
Share of associated company's (loss)/profit	**(225)**	1 449
Profit on disposal of associate company	**–**	5 469
Profit before taxation	**75 961**	44 905
Taxation	**(22 215)**	(18 346)
Attributable to equity shareholders	**53 746**	26 559
Reconciliation of headline earnings		
Impairment of property, plant and equipment	**826**	–
Profit on sale of property, plant and equipment	**(135)**	(142)
Profit on disposal of investment in associate company	**–**	(4 019)
Headline earnings	**54 437**	22 398
Number of shares (000's)	**260 000**	260 000*
Basic and fully diluted:		
Earnings per share (cents)	**20,67**	10,22
Headline earnings per share (cents)	**20,94**	8,61

** Pro forma EPS and HEPS based on shares in issue on listing.*

Condensed Consolidated Balance Sheet

	Reviewed 2009 R'000	Audited 2008 R'000
ASSETS		
Non-current assets	**62 384**	41 552
Current assets	**175 220**	182 759
Cash and cash equivalents	**42 196**	7 469
Total assets	**279 800**	231 780
EQUITY AND LIABILITIES		
Share capital and reserves	**91 932**	4 066
Non-current liabilities	**57 238**	84 510
Current liabilities	**122 282**	142 629
Cash and cash equivalents	**8 348**	575
Total equity and liabilities	**279 800**	231 780

Condensed Consolidated Cash Flow Statement

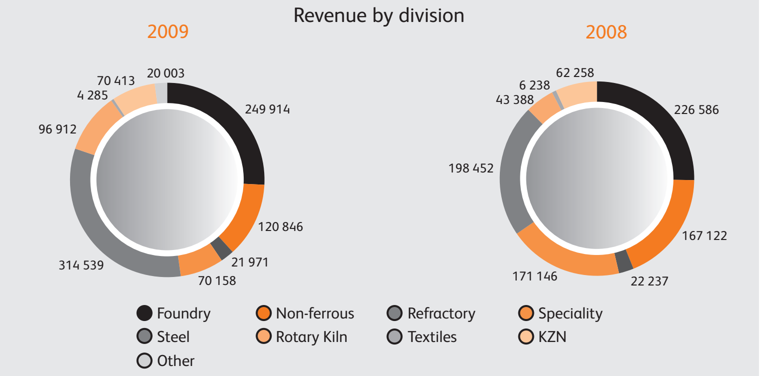
	Reviewed 2009 R'000	Audited 2008 R'000
Cash generated by operations before working capital changes	**91 118**	55 209
Decrease/(increase) in working capital	**21 243**	(45 044)
Cash generated from operations	**112 361**	10 165
Investment revenue	**525**	190
Finance costs	**(11 275)**	(15 670)
Tax paid	**(23 799)**	(11 703)
Dividends paid	**(10 400)**	(87 904)
Net cash from operating activities	**67 412**	(104 922)
Net cash from investing activities	**(31 915)**	7 010
Net cash from financing activities	**(8 543)**	67 091
Total cash movement for the year	**26 954**	(30 821)
Cash at the beginning of the year	**6 894**	37 715
Total cash at end of the year	**33 848**	6 894

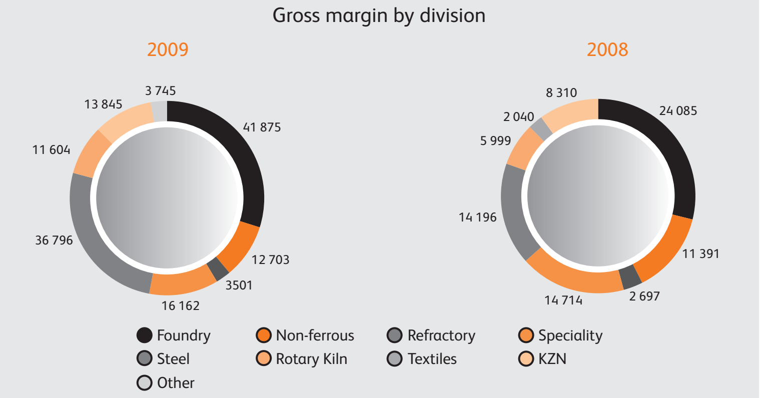
Statement of Changes in Equity

	Share* capital R'000	Share premium R'000	Foreign currency trans-lation reserve R'000	Accumu-lated profit/ (loss) R'000	Total equity R'000
Group					
Balance at 1 March 2007	–	–	–	65 411	65 411
Changes in equity					
Attributable profit for the year	–	–	–	26 559	26 559
Dividends	–	–	–	(87 904)	(87 904)
Total changes	–	–	–	(61 345)	(61 345)
Balance at 1 March 2008	–	–	–	4 066	4 066
Changes in equity					
Currency translation differences recognised directly in equity	–	–	78	–	78
Attributable profit for the year	–	–	–	53 746	53 746
Issue of shares	–	44 442	–	–	44 442
Dividends	–	–	–	(10 400)	(10 400)
Total changes	–	44 442	78	43 346	87 866
Balance at 28 February 2009	**–**	**44 442**	**78**	**47 412**	**91 932**

** Share capital equals 260 000 000 of 0,000025 cents each = R65,00.*

Segmental reporting





Commentary

The financial year ended 28 February 2009 marked Insimbi's maiden year of trading as a listed company. Despite extremely challenging global economic conditions, the group posted exceptional results for the period, and remains optimistic for the year that lies ahead.

GROUP FINANCIAL REVIEW

The financial year under review can be summarised in four quarters. The first two quarters showed exceptional revenue, margins and volumes; the third quarter showed signs of changes in the market as commodity prices came under pressure and in some sectors, volumes started to shrink. In the last quarter, commodity prices dropped sharply and demand declined further in these sectors.

Record revenue of R584 million and profit after tax of R39 million were achieved in the first half of the financial year, resulting in an interim dividend of four cents per share, declared in September 2009. This exceptional performance continued into the third quarter before commodity prices started to show signs of strain.

Despite difficult trading conditions experienced during the final three months of the financial year, compounded by the traditional shut-downs over the festive season being extended by many companies, the business adapted to prevailing market conditions and managed to maintain margins.

The increase in the cash position was attributable to strong working capital management and solid profitability.

Revenue for the year was up by 8 % on the previous year and margins of 14,5 % were well above the 9,3 % achieved in the previous financial year.

Working capital is firmly under control. Inventory and receivable levels were reduced from R75 million to R73 million and from R105 million to R90 million respectively.

The unexpected severity of the slowdown in the last quarter impacted negatively on revised forecasts that were announced in September 2008. However, this does not detract from the fact that Insimbi has had an excellent year and showed strong EPS, HEPS, NAV and cashflow growth, with the year ending February 2009 producing the best results in the group's 40 year history.

OPERATIONAL REVIEW

Insimbi operates on a divisional basis, each specialising in specific industries and target markets. Most of the divisions are targeted at the infrastructure sector.

High commodity prices coupled with high demand, which was partly as a result of government's continued focus on infrastructure upgrades, had a positive impact on the business in the first nine months of the financial year. Weaker exchange rates also contributed additional revenues and margin boosts.

The slowdown in the global market has forced Insimbi to become more focused on skills, efficiency and acquisitive opportunities. During the year the group continued to seek out new opportunities which led to the incorporation of a new foreign subsidiary in Zambia and the formation of a new division in Cape Town which resulted from the purchase of 100 % of Global Material South Africa, our former agent, after year-end. The Zambian subsidiary was launched to focus on the activities in Zambia and the DRC. Further opportunities have become apparent in various areas of the business and the company continues to refine its acquisitive vision and strategy.

Insimbi Aluminium Alloys' newly acquired secondary aluminium smelter which was acquired for R17,0 million effective 1 March 2008, initially experienced a few difficulties and only came into operation in June 2008. In terms of IFRS3, the acquisition of these assets is seen as a business combination. This company generated revenues of R46,8 million and a loss after tax of R4,4 million. This was mainly due to the delays in start up as a result of upgrades to the plant that consisted of a substantial rehabilitation as well as the introduction of additional furnaces and fuel sources. With these upgrades and improved processes, the production capacity has increased from 900mt to 1 200mt of finished product per month. The delays in production will pay dividends in the medium to long term as the process of rehabilitation has increased the expected capacity of the plant by 30 %.

The increase in non-current assets is as a result of the investment by the group, in this secondary aluminium smelter. During the process of upgrading the plant and equipment, one furnace was impaired.

The current global melt down and the dire state of the global automotive industry has had a severe impact on the performance of this entity but management are confident that, as a low cost producer of various aluminium alloys, it is well placed to react to market conditions as they change.

PROSPECTS

Insimbi's diversified business model, the potential of a political solution in Zimbabwe, and opportunities that have arisen out of the current economic situation, gives management confidence that the company will continue to prosper in the coming financial year. Management is focused on ensuring that volumes and margins are maintained whilst keeping cost escalation to a minimum.

There are signs of a slow recovery in the market and related commodity prices although it continues to be very volatile. Management remains positive about the South African economy, as well as regional markets and opportunities, and is confident that the government's continuous infrastructure spend will allow Insimbi to position itself as an even bigger participant in the future.

PROPOSED DIVIDEND

Notice is hereby given that in line with its dividend policy and cash retention strategy, the Board has proposed a final dividend for the year of 5,0 cents per share (2008: nil) which together with the interim dividend of 4,0 cents per share, will bring total dividends declared in the year under review, to 9,0 cents per share. In terms of the Articles of Association, the dividend is subject to shareholder approval at the upcoming Annual General Meeting, the date of which will be announced in due course.

BASIS OF PREPARATION

The condensed financial statements comprise a consolidated balance sheet at 28 February 2009, a consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended. 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 and methods of computation adopted are consistently applied with those in the previous year.

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

PJ Schutte *CEO*
Wadeville
26 May 2009

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CF Botha, F Botha, EP Liechti, FB Abdul Gany
LT Tessendorf (alt), *L Mashologu, *GS Mahlati
** Non-executive*

Transfer secretaries
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