INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration No: 2002/029821/06)
(Income tax reference no: 9078/488/15/3)
Share code: ISB ISIN code: ZAE000116828
("Insimbi" or "the group" or “the company”)

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013 AND NOTICE OF ANNUAL GENERAL MEETING.

FINANCIAL INDICATORS

	2013	2012	% change
Revenue (Rm)	828	835	(1)
Operating profit (Rm)	19	29	(34)
Profit before tax (Rm)	13	22	(41)
Attributable earnings (Rm)	8	16	(50)
Headline earnings (Rm)	8	15	(47)
Earnings per share (cents)	3,13	6,07	(48)
Headline earnings per share (cents)	3,15	5,99	(47)
Cash flow from operations (Rm)	39	41	(5)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months to 28 February 2013 R’000	Audited 12 months to 29 February 2012 R’000
Revenue	828 315	835 237
Cost of sales	(744 741)	(745 173)
Gross profit	83574	90064
Other income	2963	225
Operating expenses	(34061)	(35407)
Administration expenses	(33082)	(26182)
Operating profit	19 394	28 700
Investment revenue	235	489
Finance costs	(6655)	(7314)
Profit before taxation	12 974	21 875
Taxation	(4 065)	(6 663)
Profit for the year from continuing operations	8 909	15 212
(Loss)/profit from discontinued operations	(1 208)	422
Profit for the year	7 701	15 634
Other comprehensive income:		
Exchange differences on translating foreign operations	-	5
Gain on property revaluation	28 375	-
Taxation related to components of other comprehensive income	(7 945)	-
Total comprehensive income	28 131	15 639
Total comprehensive income attributable to:		
Owners of the parent	28 359	15 639
Non-controlling interest	(228)	-

EARNINGS AND HEADLINE EARNINGS PER SHARE

	Audited 12 months to 28 February 2013 R'000	Audited 12 months to 29 February 2012 R'000
Basic attributable earnings per share are calculated by dividing the net profit attributable to the shareholders by the number of shares in issue during the year.		
Number of shares in issue at the end of the year	260 000	260 000
Less: Weighted average number of treasury shares held in a subsidiary at the end of the year	(6 890)	(2 484)
	253 110	257 516
Headline earnings for the group have been computed as follows:		
Profit attributable to ordinary shareholders - continuing operations	9 137	15 212
Profit attributable to ordinary shareholders - discontinued operations	(1 208)	422
Profit attributable to ordinary shareholders	7 929	15 634
- Profit/(loss) on sale of property, plant and equipment	(260)	(199)
- Impairment for goodwill	300	-
Headline earnings for the group	7 969	15 435
Basic and fully diluted:		
Earnings per share from continuing operations	3,61	5,91
Earnings per share from discontinued operations	(0,48)	0,16
Earnings per share (cents)	3,13	6,07
Headline earnings per share (cents)	3,15	5,99

No diluted earnings per share is reflected as there is no dilutive impact on the number of shares in issue.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 28 February 2013 R'000	Audited As at 29 February 2012 R'000
Assets		
Non-current assets		
Property, plant and equipment	79 003	34 672
Intangible assets	40 741	39 606
Deferred tax	6 460	6 905
	126 204	81 193
Current assets		
Inventories	66 423	72 753
Other financial assets		
Current tax receivable	2 145	2 291
Trade and other receivables	93 156	120 864
Cash and cash equivalents	33 469	36 506
	195 193	232 414
Total assets	321 397	313 597
Equity and Liabilities		
Equity		
Share capital	44 442	44 442
Reserves	20 589	159
Retained income	46 169	45 826
Non controlling interest	(228)	-
Treasury shares	(4 591)	(2 564)
	106 021	87 863
Liabilities		
Non-current liabilities		
Other financial liabilities	20 283	35 608
Deferred taxation	10 896	2 991
	31 179	38 599
Current Liabilities		
Other financial liabilities	64 862	46 204
Derivative financial instrument	19	1 551
Current tax payable	255	2 635
Trade and other payables	119 061	136 745
	184 197	187 135
Total liabilities	215 376	225 734
Total equity and liabilities	321 397	313 597

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12 months to 28 February 2013 R'000	Audited 12 months to 29 February 2012 R'000
Cash flows from operating activities		
Cash generated from (used in) operations	38 518	41 217
Interest income	245	575
Finance costs	(6 662)	(7 314)
Tax paid	(6 235)	(8 030)
Net cash generated from operating activities	25 866	26 448
Cash flows from investing activities		
Purchase of property, plant and equipment	(21 344)	(5 828)
Sale of property, plant and equipment	372	383
Intangible assets under development	(1 435)	(1 168)
Acquisition of business		
Settlement of financial assets	-	495
Net cash from (utilised) from investing activities	(22 407)	(6 118)
Cash flows from financing activities		
Repayment of other financial liabilities	3 477	(5 556)
Repurchase of treasury shares	(2 387)	(2 325)
Dividends paid	(7 586)	(5 200)
Net cash from financing activities	(6 496)	(13 081)
Total cash movement for the year	(3 037)	7 249
Cash at the beginning of the year	36 483	29 234
Total cash at end of the year	33 446	36 483

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share* capital R'000	Share premium R'000	Treasury shares R'000
Balance at 1 March 2011	-	44 442	(239)
Changes in equity			
Total comprehensive income for the year	-	-	-
Purchase of own/treasury shares	-	-	(2 325)
Dividends	-	-	-
Total changes	-	-	-
Balance at 1 March 2012	-	44 442	(2 564)
Changes in equity			
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Purchase of own/treasury shares			(2 387)
Dividends	-	-	-
Total changes	-	-	(2 387)
Balance at 28 February 2013	-	44 442	(4 951)

Revaluation	Retained

	Foreign currency translation reserves R’000	reserve R’000	income R’000
Balance at 1 March 2011	154	–	35 392
Changes in equity			
Total comprehensive income for the year	5	–	15 634
Purchase of own/treasury shares	–	–	
Dividends	–	–	(5 200)
Total changes	5	–	10 434
Balance at 1 March 2012	159	–	45 826
Changes in equity			
Profit for the year	–	–	7 929
Total comprehensive income for the year	–	20 430	–
Purchase of own/treasury shares	–	–	–
Dividends	–	–	(7 586)
Total changes	–	20 430	343
Balance at 28 February 2013	159	20 430	46 169

	Non controlling Interest R’000	Total Equity R’000
Balance at 1 March 2011	–	79 749
Changes in equity		
Total comprehensive income for the year	–	12 015
Purchase of own/treasury shares	–	(2 325)
Dividends	–	(5 200)
Total changes	–	8 114
Balance at 1 March 2012	–	87 863
Changes in equity		
Profit for the year	(228)	7 701
Total comprehensive income for the year	–	20 430
Purchase of own/treasury shares	–	(2 387)
Dividends	–	(7 586)
Total changes	(228)	18 158
Balance at 28 February 2013	(228)	106 021

SEGMENT REPORT

2013	Foundry R’000	Steel R’000	Refractory R’000	Total R’000
Revenue				
Sale of goods	521 330	222 700	81 106	825 136
Commission	257	-	2 922	3 179
	521 587	222 700	84 028	828 315
Cost of sales	(466 494)	(201 908)	(76 340)	(744 741)
Gross profit	55 092	20 793	7 689	83 574
Other income	2 852	-	111	2 963
Profit before operating and administration expenses	57 945	20 793	7 800	86 537
Opererating and administration expenses				
Communication	(1 044)	(67)	(32)	(1 143)
Consulting and professional fees	(4 618)	(826)	(52)	(5 496)
Depreciation and amortisation	(4 369)	-	(991)	(5 360)
Employment costs	(29 616)	(1 504)	(2 941)	(34 061)
Motor vehicle expenses	(1 585)	(294)	(173)	(2 051)
Other expenses	(12 863)	(308)	(335)	(13 326)
Occupancy	(5 706)	-	-	(5 706)
	(59 621)	(2 999)	(4 523)	(67 143)
Operating profit before finance income	(1 677)	17 794	3 277	19 394

2012	Foundry R’000	Steel R’000	Refractory R’000	Total R’000
Revenue				
Sale of goods	540 872	215 738	75 614	832 224
Commission	293	-	2 720	3 013
	541 165	215 738	78 334	835 237
Cost of sales	(481 692)	(193 302)	(70 179)	(745 173)
Gross profit	59 473	22 436	8 155	90 064
Other income	305	-	(80)	225
Profit before operating and administration expenses	59 778	22 436	8 075	90 289
Operating and administration expenses				
Communication	(1 124)	(75)	(65)	(1 264)
Consulting and professional fees	(2 063)	(8)	-	(2 071)
Depreciation and amortisation	(4 077)	-	-	(4 077)
Employment costs	(27 789)	(2 032)	(2 339)	(32 160)
Motor vehicle expenses	(1 122)	(254)	(179)	(1 555)
Other expenses	(16 379)	(263)	(102)	(16 744)
Occupancy	(3 718)	-	-	(3 718)
	(56 272)	(2 632)	(2 685)	(61 589)
Operating profit before finance income	3 506	19 804	5 390	28 700

There is no disclosure of segment assets and liabilities as it is not possible to specifically allocate tangible assets and liabilities to specific segments.

Management has determined the operating segments based on the reports reviewed and this is supported by management reporting disciplines, which include monthly variance reporting. Insimbi's performance is monitored continuously and issues arising are addressed at monthly management meetings that have board representation present.

Management considers the business from both a geographical and product management perspective. Management assesses the performance of the operating segments based on measures such as gross and operating profit.

COMMENTARY

The directors of Insimbi are pleased to announce the audited results for the year ended 29 February 2012.

1. Basis of Preparation and Accounting Policies
The results for the year ended 28 February 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34 Interim Financial Reporting and AC 500 Statements, and comply with the requirements of the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited. The principle accounting policies applied by the group in the abridged consolidated financial results for the year ended 28 February 2013 are consistent with those applied in the consolidated financial statements for the year ended 29 February 2012. These financial statements do not include all the information for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 28 February 2013.The results have been audited by PricewaterhouseCoopers Inc. Their unqualified audit report and the audited financial statements are available for inspection at the company's registered office. These abridged financial statements have been prepared under the supervision of Fred Botha(CA)SA (Commercial and Financial Director).

2. Review of activities
Insimbi continues to operate out of our offices in Johannesburg, Durban, Atlantis and Kitwe and we are actively represented in the Democratic Republic of the Congo and Zimbabwe via our agents there. In addition, we continue to service most sub-Saharan and central African countries, as well as certain north, west and east African countries. We are also active in South America, Eastern Europe, certain Middle East countries and the UAE, Japan and Korea as well as India.

3. Financial Review
Due to the poor economic conditions experienced in the second half of the financial year and while the qroup results remained in the black for the year, our operating results for the year ending February 2013, were well below our results for the immediately preceding year-ending February 2012.

Group revenue dropped by only 0,8% (or R7 million) to R828 million and earnings decreased by 49% to R7,9 million, down from R 15,6 million in the previous year. Headline earnings decreased by 48,3% to R7,9 million.

In addition to the difficult trading conditions locally, which exhibited themselves mainly in the second half of the financial year, the Euro zone continued to suffer from retarded and even negative growth and this had a negative impact on our exports. Trade to our traditional emerging market partners, was promising but the expected recovery in Europe did not occur as Portugal, Italy, Greece and Spain as well as Cyprus continued to implode.

The group produced a gross profit of R83,5 million compared to R90,0 million in the previous year, a decrease of 7,3%. Gross margins were slightly down at 10,0% compared to 10,8% in the prev1ous year and is evidence of the difficult market conditions and low commodity prices experienced during the year. Gross margins were 10,6% at 31 August 2012 compared to the full year gross margin of 10,0%.

Group consolidated net operating expenses were again well controlled throughout the period under review and were R67,1 million compared to R61,1 million in the previous year, an increase of only 8,9%. I am very pleased with this, especially in light of the increases experienced in fuel and electricity during the year. Staff costs were increased 1n line with CPIX during the period.

Group net profit before taxation for the period was R13,0 million compared to R21,9 million in the prev1ous financial year, a decrease of 40,6%.

As always, our ability to manage our working capital and cash flow remained a key focus area for the group's management and proved 1nvaluable in trading through the d1fficul: second holt of the yea1 and R38,5 million was generated from operations compared to R4 1.2 million in the previous year, a decrease of only R3.7 million or 6,6%. Lower borrowings were reflected in decreased finance costs of R6.7 million compared to R7,3 million in the prior period, a reduction of R0,6 million in interest (9%,).

4. Market and Prospects

The Foundry Segment has experienced mixed trading conditions during the period under review mainly, due to the labour unrest particular during the second half of the financial year.

The Steel Segment did initially show signs of improvement in the first half of the year but the strike action in various industries together with the Mittal Vanderbiljpark fire that stopped production for some months did have a negative impact on this segment.

The Refractory Segment had the most stable trading conditions of all segments and performed better than the previous year mainly due to the PPC De Hoek upgrade project. Unfortunately the planned infrastructure spend did not materialised in the year under review and this effected the construction industry tremendously and had a negative impact on cement demand, that in turn limited cement kiln repairs.

Generally this inability of government to effectively spend budgets allocated to infrastructure on said projects together with labour unrest impacted negatively on certain product ranges and off-take volumes but we are optimistic that systems have been put in place by the relevant authorities in the current financial year to ensure that the R845 billion budgeted for infrastructure uplift over the next three years, is in fact spent on the planned projects.

This will have a very positive impact on our business.

Economic conditions in South Africa is under pressure and with the GDP growth rate being lower than expected, I believe the 2014 financial year, will be one with some challenges and market conditions will stay relative flat until such time the infrastructure spend kicks in and the ongoing events in Europe show signs of stabilization.

Insimbi will continue targeting markets that are considered to be emerging and the group will focus on these markets. We have a diverse range of products on offering and with the re-opening of the secondary aluminium smelter in Johannesburg (which was mothballed in 2010), the establishment of a subsidiary company, Insimbi Nano Milling, which will be focusing on the micronisation of a completely new range of products for new target markets, and the addition of certain products to our basket, I am confident that the group will continue to achieve satisfactory organic growth in years to come.

As for acquisitive growth opportunities, we continue to look for and carefully evaluate strategic targets and while we have not achieved the number of acquisitions we had hoped for, post listing, the few that we have achieved, have added value to the group's results and we remain committed to this acquisition strategy.

5. Special resolutions

At the Annual General Meeting held on 24 August 2012, it was resolved that the directors be authorised to re-purchase up to 10% of the company shares subject to certain conditions.

6. Post balance sheet events

It is worth mentioning the following:
the Insimbi Thermal Insulation business was closed on 31 March 2013. The business was loss making and was accounted for as a discontinued operation at year end. Certain products have been retained from this business and will be sold through other group companies.

7. Directors

The directors of the company, all of whom are South African citizens, during the year and as at the date of this report are as follows:

CF Botha
F Botha
GE Ferns
EP Liechti
GS Mahlati
LY Mashologu
DJ O'Connor
PJ Schutte
LG Tessendorf (alternate to CF Botha) - resigned 8 October 2012

8. Authorised and issued share capital

The authorised share capital is 12 billion shares. Currently there are 260 million shares in issue. Shares repurchased by a subsidiary and held in treasury amounted to 8 743 331 shares at year end, which is disclosed as a reduction of equity in the statement of changes in equity.

9. Dividends
Interim dividend Number 7 of 2 cents per share was declared on 5 October 2012, payable to shareholders registered on 9 November 2012. The total payout was R5 047 109 (2012: R5 200 000,00).

No final gross dividend will be declared (2012: R2 539 036).

10. Litigation
There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, or which Insimbi or any of its subsidiaries is aware and that may have or have had, in the 12-month period preceding the date of issue of this annual report, a material effect on the financial position of Insimbi or any of its subsidiaries.

11. Notice of Annual General Meeting
Notice is hereby given that the annual general meeting of Insimbi Refractory and Alloy Supplies Limited will be held at 359 Crocker Road, Wadeville Ext 4, Germiston on Friday 23 August 2013 at 10:00, to transact the business as stated in the notice of annual general meeting included in the Annual Report which has been posted to shareholders today.

By order of the Board

Pieter Jacobus Schutte
Chief Executive Officer

Registered office:
Stand 359 Crocker Road, Wadeville, Germiston, 1422

Company Secretary:
K Holtshauzen

Directors:
F Botha
CF Botha
GE Ferns (Financial Director)
EP Liechti
PJ Schutte (Chief Executive Officer)
DJ O Connor* (Chairman)
GS Mahlati*
L Moshologu*
(* non-executive)

Sponsor:
Bridge Capital Advisors (Proprietary) Limited

Transfer Secretaries:
Computershare Investor Services (Proprietary) Limited

31 May 2013