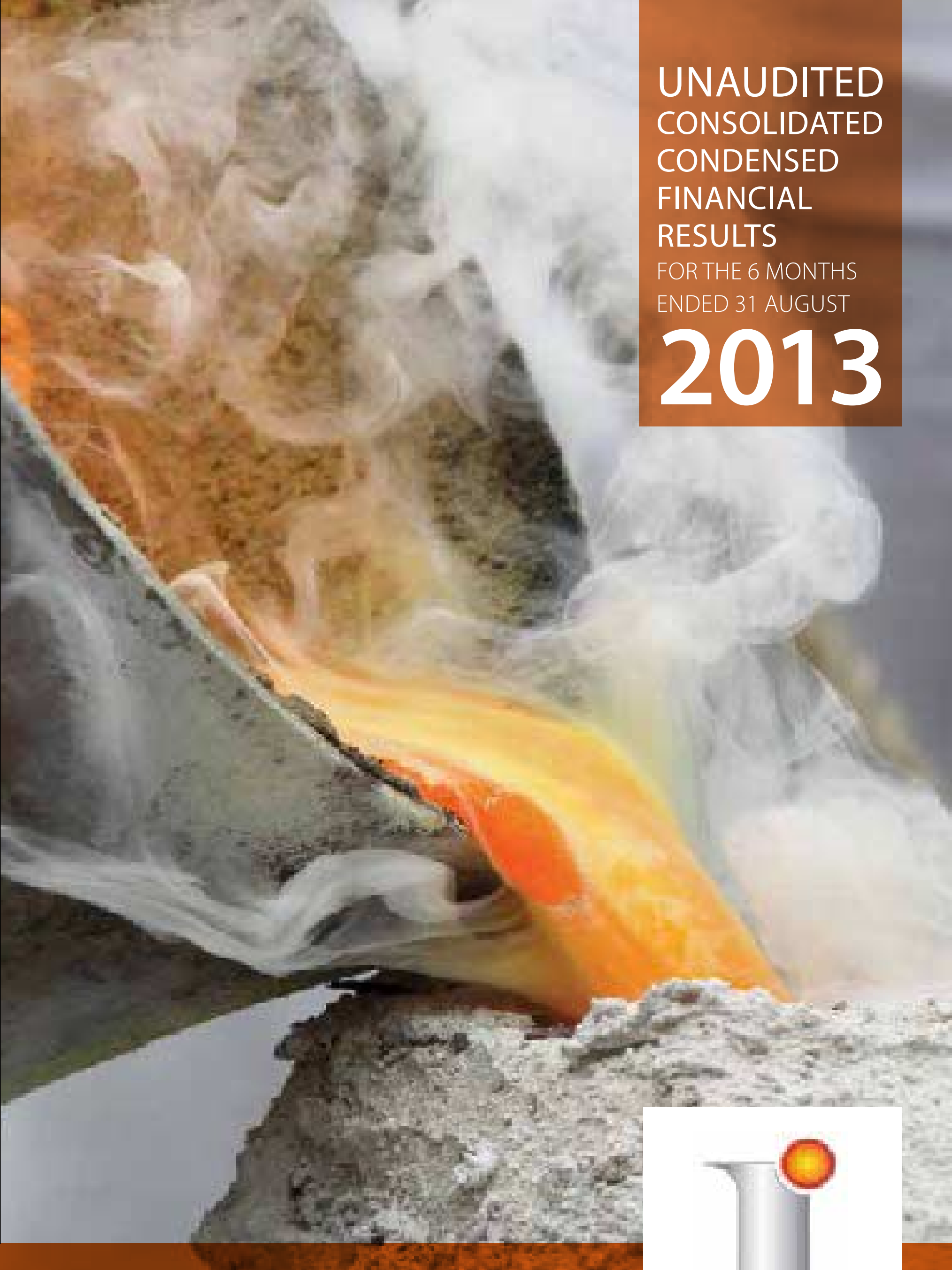

UNAUDITED CONSOLIDATED CONDENSED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 31 AUGUST 2013

- Revenue decreased by 1.3% to R477.6 million compared to the previous period
- Operating costs increased by 2.7%,compared to the previous period
- Gross profit increased by 4.1% to R52.1 million, evidencing improved margins for the period under review
- Profit before taxation is 0.6% higher when compared to the results for the same reporting period in the previous year
- EPS from continuing operations are up by 4.2% when compared to the results for the same reporting period in the previous year
- HEPS are down by 5.1% when compared to the results for the same reporting period in the previous year
- Net cash from operations increased 33.6% to R24.8 million cash in the 6 months to 31 August 2013 compared to R18.5 million in the previous comparative period
- Net asset value per share increased by 21.5% and tangible NAV up by 37.0% on comparative period and 14.5% on February 2013
- The group has declared an interim dividend of 1 cent per share for the period ending 31 August 2013

INSIMBI REFRACTORY AND ALLOY SUPPLIES LTD
(Incorporated in the Republic of South Africa) (Registration No: 2002/029821/06)
Share code: ISB & ISIN code: ZAE000116828 ("Insimbi" or "the company" or "the group")

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
Revenue	477 556	483 919	828 315
Cost of sales	(425 463)	(433 897)	(744 741)
Gross profit	52 093	50 022	83 574
Other income	895	135	2 963
Operating expenses	(33 945)	(30 057)	(67 143)
Operating profit	19 043	19 100	19 394
Investment income	148	112	235
Finance costs	(3 394)	(3 514)	(6 655)
Profit before taxation	15 797	15 698	12 974
Taxation	(4 057)	(4 215)	(4 065)
Profit for the year	11 740	11 484	8 909
(Loss) Profit from discontinued operations	(634)	557	(1 208)
Profit for the year	11 106	12 041	7 701
Profit attributable to:			
Owners of the parent	11 237	12 041	7 929
Non-controlling interest	(131)	–	(228)
	11 106	12 041	7 701
Other comprehensive income for the year			
Gain on property revaluation	–	–	28 375
Taxation related to components of other comprehensive income	–	–	(7 945)
Other comprehensive income for the year net of taxation	–	–	20 430
Total comprehensive income for the year	11 106	12 041	28 131
Total comprehensive income attributable to:			
Owners of the parent	11 237	12 041	28 359
Non-controlling interest	(131)	–	(228)
	11 106	12 041	28 131
Basic and fully diluted earnings per share			
From continuing operations	4.71	4.52	3.61
From discontinuing operations	(0.25)	0.22	(0.48)
From profit for the year	4.46	4.74	3.13

CONSOLIDATED STATEMENT OF CASH FLOW

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
Cash flow from operating activities			
Cash generated from operations	30 192	27 600	38 518
Investment income	148	111	245
Finance costs	(3 394)	(3 508)	(6 662)
Tax paid	(2 166)	(5 655)	(6 235)
Net cash flow from operating activities	24 780	18 548	25 866
Cash flow from investing activities			
Purchase of property, plant and equipment	(3 909)	(4 336)	(21 344)
Proceeds on disposal of property, plant and equipment	625	75	372
Purchase of other intangible assets	(45)	(1 569)	(1 435)
Settlement of financial assets	–	(1 551)	–
Net cash utilised from investing activities	(3 329)	(7 381)	(22 407)
Cash flow from financing activities			
Repayment of other financial liabilities	(7 085)	(6 314)	3 477
Dividends paid	–	(2 539)	(7 586)
Repurchase of treasury shares	(2 676)	(1 351)	(2 387)
Net cash outflow from financing activities	(9 761)	(10 204)	(6 496)
Net movement in cash for the period/year	11 690	963	(3 037)
Cash and cash equivalents at the beginning of the period/year	33 446	36 483	36 483
Cash and cash equivalents at the end of the period/year	45 136	37 446	33 446

CAPITAL COMMITMENTS

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
Capital expenditure authorised and contracted but not provided for:			
Property, plant and equipment	2 500	13 500	2 500

R2.5 million relates to investment in Nano Milling Technology.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	79 178	35 921	79 003
Intangible assets	40 786	41 175	40 741
Deferred taxation	6 541	4 523	6 460
	126 505	81 619	126 204
Current assets			
Inventories	81 574	79 514	66 423
Trade and other receivables	136 395	123 342	93 156
Other financial assets	–	644	–
Taxation receivable	–	495	2 145
Cash and cash equivalents	45 136	37 446	33 469
	263 105	241 441	195 193
Total assets	389 610	323 060	321 397
Equity and liabilities			
Equity	114 451	96 014	106 021
Total liabilities	275 159	227 046	215 376
Total equity and liabilities	389 610	323 060	321 397

CONDENSED SEGMENT REPORT

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
Revenue by segment			
Foundry	298 550	304 323	521 587
Steel	132 528	128 632	222 700
Refractory	46 478	50 964	84 028
	477 556	483 919	828 315
Gross profit by segment			
Foundry	34 740	32 995	55 092
Steel	10 976	12 195	20 793
Refractory	6 377	4 832	7 689
	52 093	50 022	83 574
Operating profit by segment			
Foundry	10 934	3 659	(1 677)
Steel	4 941	10 843	17 794
Refractory	3 168	4 598	3 277
	19 043	19 100	19 394

OTHER GROUP SALIENT FEATURES

	Unaudited as at 31 Aug 2013 R'000	Unaudited as at 31 Aug 2012 R'000	Audited as at 28 Feb 2013 R'000
Basic earnings per share: Basic attributable earnings per share are calculated by dividing the net profit attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the year. Where there is a discontinued operation earnings per share is determined for both continuing and discontinued operations			
Basic earnings (loss) per share			
From continuing operations (cents per share)	4.71	4.52	3.61
From discontinued operations (cents per share)	(0.25)	0.22	(0.48)
	4.46	4.74	3.13
Number of weighted shares in issue at the end of the period/year	260 000	260 000	260 000
Less: treasury shares held in a subsidiary at the end of the year	(10 612)	(5 812)	(6 890)
	249 388	254 188	253 110
Profit attributable to owners of the parent	11 237	12 041	7 929
Adjusted for (profit)/loss on sale of property, plant and equipment	(60)	(47)	(260)
Impairment of goodwill	–		300
Headline earnings for the group	11 177	11 994	7 969
Basic and fully diluted headline earnings per share (cents)	4.48	4.72	3.15
Dividends per share paid	–	3.00	3.00
Net asset value per share (cents)	45.89	37.77	41.89
Tangible net asset value per share (cents)	29.54	21.57	25.79
Depreciation	3 180	3 087	5 377
Capital expenditure	3 909	4 336	21 344
Commitments: Operating Leases	3 501	6 762	3 216
Related party transactions			
Management fees paid to Insimbi Holdings Proprietary Limited	–	4 295	7 621

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury shares R'000	Foreign currency translation reserves R'000	Re-valuation reserve R'000	Dis-tributable reserve R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 August 2012 (unaudited)*	–	44 442	(3 915)	159	–	55 328	–	96 014
Total comprehensive income	–	–	–	–	20 430	(4 112)	(228)	16 090
Share-based payments	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	(5 047)	–	(5 047)
Net movement in treasury shares	–	–	(1 036)	–	–	–	–	(1 036)
Balance at 28 February 2013 (audited)	–	44 442	(4 951)	159	20 430	46 169	(228)	106 021
Total comprehensive income	–	–	–	–	–	11 237	(131)	11 106
Dividend paid	–	–	–	–	–	–	–	–
Net movement in treasury shares	–	–	(2 676)	–	–	–	–	(2 676)
Balance at 31 August 2013 (unaudited)	–	44 442	(7 627)	159	20 430	57 406	(359)	114 451

* Share capital is equal to 246 700 013 shares at 0.000025 cents each = R62

OVERVIEW

The interim results under review has shown a satisfactory performance in a market with its challenges that remained flat with commodity prices showing a downwards trend and a relative slow demand. These challenges included the lack of government spending on infrastructure, slower activity in the mining and related industries and a very volatile currency. Revenues showed a slight decrease but margins, despite being under pressure, for the period showed an increase of 4.1% from continuing operations.

As we have come to expect, certain segments lagged in recovery or very low organic growth but the diversity that exists in our product and service offering has once again served us well and enables us to produce an improved set of results and what I find tremendously comforting after the experience of the past three years, was the monthly consistency of our revenues and profit streams.

I am especially encouraged by our strong operating cash flow generation during the period under review and I am very proud that we have consistently generated cash and profits every year since we listed in March 2008, despite the extremely difficult trading conditions that have prevailed during this period.

FINANCIAL PERFORMANCE

Group revenue for the period was R477.6 million, 1.3 % down on the R483.9 million achieved in the comparative period ending 31 August 2012 and 5.3% up on the R453.6 million achieved in the comparative period ending 31 August 2011. The sales performance was steady considering the extended downturn in global economic conditions and the continued downward pressure in certain market sectors, most notably the foundry and refractory segments.

This steady performance is attributed to improved market conditions in the aluminium smelting business, steel and regional growth in KZN and the Western Cape. The export market has been depressed over the last six months in line with global trends. Gross profit from continuing operations was R52.1 million, 4.1% up on the R50.0 million achieved for the period ending 31 August 2012. Margins have been maintained and even show a slight improvement despite pressure on pricing across the board. The diversity within the group's product range and target markets has again proven to be invaluable in producing sustainable results in what is turning out to be an even more protracted global and local economic downturn than originally anticipated. Competition is fierce and we continue to defend our markets aggressively against competition. This includes implementing flexible pricing policies, introduction of innovative new products and continued high service levels.

Group operating profit is flat compared to the previous period ending 31 August 2012 and 8.9% up on 2011.

Group operating costs have been well controlled during the period under review and at R33.9 million are 2.7% higher than the corresponding period last year but only 2.7% if one excludes the effect of the revaluation of FEC's.

Group finance costs are 3.4% lower and group profit before taxation is 0.6% higher than the corresponding period ended 31 August 2012.

Insimbi achieved group EPS of 4.46 (4.71 from continuing operations) and HEPS of 4.48 cents per share respectively compared to 4.52 and 4.74 cents per share in the previous comparative period. This equates to a 1.5% decrease in EPS and a 5.1% decrease in HEPS respectively.

Working capital management and cash-flow have continued to be a key focus area for Insimbi and we have responded to changing market conditions effectively. This has ensured strong cash-flows throughout the period with R30.1 million cash generated from operations. Cash on hand grew to R45.1 million from R37.4 million in 2012. In addition the group will pay the final installment of the R105 million capital raised in 2007 for the initial purchase of the business.

For the two months of trading subsequent to the reporting period, the group has generated revenue of R166.6million which is 14.5% greater than the revenue for the corresponding period last year and gross profit of R18707 which is 39.7% greater than the gross profit for the corresponding period last year.

OPERATIONAL REVIEW

The Foundry Segment has experienced mixed trading conditions during the period under review mainly, due to the slowdown in demand and lower commodity prices together with low infrastructure spend. Saying all of this the segment did end the period under review slighty lower than the same period last year. This segment has proven historically to be an accurate indicator for time to come and we are very confident the next six months will be a major improvement compare to the last six months of the year before.

The Steel Segment did have a very encouraging first six months with a 3% increase in revenue although margins were under pressure. The better performance was mainly due to Mittal Vanderbiljpark increased production early this year to offset the stop in production it experienced towards the end of last year and the beginning of 2013 due to the fire in the plant. The volatile exchange rate also assisted in a better performance.

The Refractory Segment had a lower performance than the same period last year but this was mainly as a result of no projects in the cement industry and a lower demand for cement than was expected. Unfortunately the planned infrastructure spend did not materialise 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. However the segment was successful in regaining some business previously lost at some Steel mills which is a very encouraging prospect

Both secondary aluminium smelters operated for the six months with positive revenue. The purchasing of good quality aluminium scrap is still a major challenge. At this stage it is too early to comment on what the impact will be on the directive by the government on preferential pricing for non ferrous scrap. The company did complete some capital investment projects on equipment in both plants and it is anticipated that the plants will benefit from these investments going forward.

The development on micronized water based PVA paints based on nano technology took longer than anticipated but Insimbi Nano Milling is now in a position to supply a white contractors and super acrylic white paint to the market. The plant has been relocated to our Wadeville premises which will benefit the plant on increased production and improved internal control systems. Initial indications are looking very promising.

Generally the continued inability of government to effectively spend budgets allocated to infrastructure on said projects together with limited labour unrest impacted negatively on certain product ranges and off-take volumes but we are optimistic that the next six months will be an improvement

PROSPECTS

Economic conditions in South Africa are still under pressure and the GDP growth rate being was lower than expected. I believe that balance of 2013/14 financial year will have some challenges and market conditions will stay relatively flat with commodity prices under pressure. Having said that trading conditions for two months after the interim reporting have all ready shown an improvement.

Some good news is that the World Steel Association predict a global steel use increase of 3,1% for this year and a further 3,3% for next year. Steel demand in developed economies will return to positive growth next year, although the pickup in the EU is likely to remain flat. Chinese markets will grow more slowly and emerging economies will continue to struggle with structural issues, political instability and volatile financial markets. Underlying steel demand in South Africa will remain weak with local steel producers facing strong competition from imports.

At this stage it looks like labour unrest will have a lesser impact on our business for the next six months compared to last year in the last six months. Initial indications for the third quarter are much improved revenue and profits compare to last year's performance and we are confident it will continue until end of financial year.

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 both secondary aluminium smelters running to full capacity and with a very healthy order book the prospects are looking good for the balance of 2013/14 financial year. Insimbi Nano Milling is now finally in a position to supply some quality products to the market and generate sustainable revenue and profits streams.

With a number of new products and exciting projects I am confident that the group will continue to achieve satisfactory organic growth in years to come.

We remain cautiously optimistic about the outlook for the balance of this financial year as we actively look for acquisitive growth opportunities.

ACCOUNTING POLICIES

The condensed consolidated financial statements for the interim period ended 31 August 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34, the AC 500 series of accounting standards, JSE listing Requirements and the Companies Act of South Africa, and prepared under the supervision of the Financial Director, Graham Ferns CA (SA). The accounting policies are consistent with those applied in the annual financial statements for the previous year.

CONTINGENCIES

The company does not have any material contingencies.

POST BALANCE SHEET EVENT

No material fact or circumstance existed post balance sheet date that affects the results being reported.

DIVIDENDS

An interim gross dividend of 1 cent per share has been declared on 8 November 2013. There are 260 000 000 ordinary shares in issue at announcement date, of which 14 375 343 are held in treasury and the total dividend amount payable is R2 456 247 (2012: R5 051 210).

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax (DT) rate is 15% and no credits in terms of secondary tax on companies have been utilised. The net amount payable to shareholders who are not exempt from DT is 0.85 cents per share, while it is 1,0 cents per share to those shareholders who are exempt from DT. The income tax reference number of the company is 9078488153.

The salient dates applicable to the interim dividend are as follows:

Last day to trade cum dividend	Friday, 29 November 2013
First day to trade ex dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment date	Monday, 9 December 2013

No share certificates will be dematerialised or rematerialised between Monday, 2 December 2012 and Friday, 6 December 2013, both days inclusive.

Shares repurchased by a subsidiary since the year end and held in treasury amounted to 5 632 012 (2012: 2 253 783), which brings the total number of treasury shares to 14 375 343 (2012: 7 439 507).

Approval:

DJ O Connor
Chairman
8 November 2013

P Schutte
Chief Executive Officer

Registered Office: Stand 359 Crocker Road, Wadeville, Germiston, 1422
Company Secretary: Kristell Holtzhausen
Directors: CF Botha, F Botha, G Ferns (Financial Director), EP Liechti, GS Mahlati*, LY Mashologu*, DJ O Connor*, PJ Schutte (Chief Executive Officer)
(* indicates non executive)
Sponsor: Bridge Capital Advisors (Proprietary) Limited
Transfer Secretaries: Computershare Investor Services (Proprietary) Limited