Highlights

Operating profit up **65,0%** to R582,8 million

Headline earnings per share ('HEPS') up **60,5%** to 295,1 cents

Interim dividend per share of **40,0 cents**

Operating profit margin **24,1%**

Net cash from operating activities of **R806,5 million**

Strong balance sheet with net cash position

DIVERSIFICATION
DRIVING GROWTH

Unaudited condensed consolidated interim financial results

for the six months ended 31 August 2021

AFRIMAT®
LIMITED

Afrimat Limited ('Afrimat' or 'the Company' or 'the Group') (Incorporated in the Republic of South Africa)
(Registration number: 2006/022534/06) Share code: AFT ISIN code: ZAE000086302

COMMENTARY

Introduction

The Group continued to deliver exceptional results during the first half of the financial year on the back of favourable iron ore prices which translated into strong operating cash flows. The Covid-19 pandemic remains an important part of our strategic management with the reappearance of a third wave during mid-June. This disruption was countered by maintaining the measures established by Afrimat management to manage and minimise the spread of the virus and maintaining a safe operating environment for our employees and thereby minimising the impact of this pandemic. The Group's diversification strategy, cost reductions and efficiency improvement initiatives enabled the Group to continue delivering strong growth.

Financial results

Revenue increased by 55,4% from R1,6 billion to R2,4 billion culminating into an increase in operating profit of 65,0% from R353,1 million to R582,8 million.

An improvement in the operating profit margin from 22,7% to 24,1% was achieved. Headline earnings per share increased by 60,5% from 183,9 cents to 295,1 cents.

The balance sheet of the Group remains strong with a net cash position, ending the period with net cash flows from operating activities of R806,5 million, an increase of 141,7% from the comparative 2020 period. Given the strong cash generated from operations of close to R1 billion, borrowings were significantly reduced to place the Group in this net positive cash position which supports a large portion of self-funding of future projects.

Operational review

All three segments, namely Construction Materials, Industrial Minerals and Bulk Commodities experienced strong growth compared to the previous corresponding period, considering the effects of the hard-lockdown levels imposed to limit the spread of Covid-19 in the previous period. The Bulk Commodities segment benefited from favourable iron ore pricing and from the new mines, namely, Jenkins (iron ore sold in the local market) and Nkomati (anthracite also sold in the local market), which contributed positively to the results towards the end of the reporting period. Nkomati was, however, loss making for the first five-months of the reporting period.

All operating units are strategically positioned to deliver outstanding service to the Group's customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is diversified, and is made up of Construction Materials consisting of aggregates, concrete-based products and contracting operations, Industrial Minerals consisting of limestone, dolomite and industrial sand, and Bulk Commodities consisting of iron ore and anthracite.

During the six-month period under review, good labour relations were maintained with no labour action or significant community action having occurred. The Group is committed to creating and sustaining harmonious relationships in the workplace and addressing issues proactively. Afrimat continues to prioritise staff development, training and education on the human capital agenda.

The **Bulk Commodities** segment, consisting of the Demaneng and Jenkins iron ore mines, and the Nkomati anthracite mine, delivered an excellent contribution to the Group results, delivering growth of 39,3% in operating profit to R453,7 million, compared to R325,8 million in the prior period. The excellent performance was largely due to favourable international iron ore pricing during the reporting period.

With Jenkins iron ore mine successfully coming into production, the ramp up is in accordance with strategic plans and product is sold into the local market through a defined price contract.

The Nkomati anthracite mine, which turned from realising start-up losses to also contributing positively to the segment's result in August, produces a high quality product sold into the local market, as a replacement for imported anthracite.

Additional information on each mine's contribution to the Bulk Commodities segment is available in note 2.

Industrial Minerals businesses experienced a return to pre-Covid-19 volumes across all regions, delivering an increase in operating profit of 108,0% from R24,6 million to R51,1 million.

Construction Materials also experienced a return to pre-Covid-19 volumes, resulting in an significant improvement in operating profit being recorded from R2,8 million to R79,5 million in the current period. This is primarily a result of general volumes recuperating to 2019 levels, rather than a result of a rise in construction activity.

Business development

New business development remains a key component of the Group's growth strategy. The dedicated business development team continues to successfully identify and pursue opportunities in existing markets, as well as in anticipated new high growth areas in southern Africa.

Acquisitions

Coza Mining Proprietary Limited ('Coza')

As per the SENS announcement published on 17 August 2020, the Company entered into a Sale of Shares agreement ('Coza Agreement'), in terms of which the Company agreed to purchase 100,0% of the issued ordinary shares of Coza.

On 27 June 2021, the mining right was granted for the Farm Morokwa 572 and Farm Jenkins (together 'Jenkins Mine') and the Group obtained effective management and control of the mining operations through its appointment as mining contractor in terms of the mining contractors agreement, effectively from 1 July 2021. On 14 September 2021, all conditions precedent were fulfilled and the Sale of Shares agreement became unconditional. Refer to note 12.3 for further details.

Gravenhage Manganese Mining Right ('Gravenhage')

As per the SENS announcement published on 21 May 2021, the Company entered into an agreement with Aquila Steel (S Africa) Proprietary Limited and Rakana Consolidated Mines Proprietary Limited, in terms of which the Company will purchase 100,0% of Gravenhage and associated assets for a purchase consideration of US$45,0 million and ZAR15,0 million, respectively.

Conditions precedent, which are still outstanding, are the Section 11 and the water use license applications. In the background, management is still refining the mine planning and business plan to identify the most optimal, lowest risk implementation strategy. On-site activities will only start once all the conditions precedent have been met. Refer to note 15 for further details.

B-BBEE

Existing BEE shareholders and the Afrimat BEE Trust in aggregate hold 33,1% of Afrimat's issued shares, according to Afrimat's latest BEE rating certificate.

Notwithstanding the fully empowered ownership platform in line with the Mining Charter requirements, the Group remains dedicated to enhancing all aspects of B-BBEE on an ongoing basis. Afrimat is committed to a bottom-up approach to transformation and had a successful period in terms of sustained training, skills development and all-round employee upliftment.

Dividend

An interim gross dividend of 40,0 cents per share (August 2020: 36,0 cents) for the period was declared on 3 November 2021. The dividend payable to shareholders who are subject to dividend tax is 32,0 cents per share (August 2020: 28,8 cents per share).

Prospects

The Group is well positioned to capitalise on strategic initiatives and future opportunities. The Group's future growth will be driven by the successful execution of its proven strategy, recent acquisitions and a wider product offering to the market. Many exciting opportunities are being investigated.

Afrimat continues to focus on sustainable diversification in all three segments. In the Bulk Commodity segment, the focus is to ramp-up the production of the Jenkins iron ore mine to the planned annual volumes of 1,25 million tons of iron ore sales into the local market. The Group has Driehoekspan and Doornpan iron ore assets to bring online once Demaneng volumes begin to reduce. This should be within the next three to four years. The Nkomati anthracite mine will add further commodity diversification as volumes ramp up further in the coming six-months.

Within the Industrial Minerals and Construction Materials segments, market development as well as product development continues to take place in accordance with customers needs.

Operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all employees, remains a key focus in all operations.

These financial statements may contain forward-looking statements that have not been reviewed nor reported on by the Company's auditors.

On behalf of the Board

MW von Wielligh	**AJ van Heerden**
Chairman	*Chief Executive Officer*

3 November 2021

DIVIDEND DECLARATION

Notice is hereby given that an interim gross dividend, No. 29 of 40,0 cents per share, in respect of the six months ended 31 August 2021, was declared by the Board on Wednesday, 3 November 2021.

There are 146 341 193 shares in issue at reporting date, of which 8 461 071 are held in treasury. The total dividend payable is R58,5 million (August 2020: R51,6 million).

The Board has confirmed that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 32,0 cents and 40,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates of the interim dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 30 November 2021
Commence trading *ex*-dividend	Wednesday, 1 December 2021
Record date	Friday, 3 December 2021
Dividend payable	Monday, 6 December 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 December and Friday, 3 December 2021, both dates inclusive.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Change %	Audited year ended 28 February 2021 R'000*
Revenue	**2 421 610**	1 558 629	55,4	3 693 759
Cost of sales	**(1 513 961)**	(973 811)		(2 234 563)
Gross profit	**907 649**	584 818	55,2	1 459 196
Operating expenses	**(342 740)**	(234 733)		(570 875)
Profit on disposal of property, plant and equipment	**917**	839		375
Other income*	**9 388**	3 625		184 442
Other net gains and losses	**16 175**	(1 441)		7 846
Impairment/Remeasurement (refer note 3)	**(8 589)**	–		(22 083)
Operating profit	**582 800**	353 108	65,0	1 058 901
Finance income	**7 810**	11 595		21 022
Finance costs	**(34 533)**	(15 336)		(38 291)
Share of profit of equity-accounted investments	**166**	143		289
Profit before tax	**556 243**	349 510	59,1	1 041 921
Income tax expense	**(153 061)**	(99 375)		(265 484)
Profit for the period	**403 182**	250 135	61,2	776 437
Profit attributable to:				
Owners of the parent	**402 097**	248 179		773 864
Non-controlling interests	**1 085**	1 956		2 573
	403 182	250 135		776 437
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	**(7 275)**	755		7 743
Items that will not be reclassified to profit or loss				
Net change in fair value of equity instruments at fair value through other comprehensive income	**223**	63		196
Income tax effect relating to these items	**(50)**	(14)		(44)
Other comprehensive (loss)/income for the period, net of tax	**(7 102)**	804		7 895
Total comprehensive income for the period	**396 080**	250 939	57,8	784 332
Total comprehensive income attributable to:				
Owners of the parent	**394 995**	248 983		781 759
Non-controlling interests	**1 085**	1 956		2 573
	396 080	250 939		784 332
Earnings per share				
Earnings per ordinary share (cents) (refer note 6)	**292,1**	184,4	58,4	571,6
Diluted earnings per ordinary share (cents) (refer note 6)	**282,2**	181,9	55,1	559,4

* *Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

RECONCILIATION OF HEADLINE EARNINGS

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Change %	Audited year ended 28 February 2021 R'000*
Profit attributable to owners of the parent	**402 097**	248 179		773 864
Profit on disposal of property, plant and equipment attributable to owners of the parent	**(917)**	(839)		(375)
Fair value on investment of associate	**–**	–		(25 140)
Impairment/Remeasurement (refer note 3)	**8 589**	–		22 083
Gain on bargain purchase (refer note 12.1 and 12.2)*	**(3 021)**	–		(172 610)
Total income tax effects of adjustments	**(476)**	235		105
	406 272	247 575	64,1	597 927
Headline earnings per ordinary share ('HEPS') (cents)	**295,1**	183,9	60,5	441,7
Diluted HEPS (cents)	**285,1**	181,4	57,2	432,2

* *Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000*
Assets			
Non-current assets			
Property, plant and equipment (refer note 4)	**2 594 967**	1 551 695	2 247 493
Intangible assets*	**212 110**	209 632	209 785
Investment in associate and joint venture	**659**	16 514	591
Other financial assets (refer note 8)	**84 107**	78 899	80 340
Deferred tax*	**307 463**	39 072	249 841
Total non-current assets	**3 199 306**	1 895 812	2 788 050
Current assets			
Inventories	**340 065**	286 703	279 042
Current tax receivable	**8 789**	4 716	4 842
Trade and other receivables (refer note 10)	**493 570**	526 506	695 936
Other financial assets (refer note 8)	**–**	41 667	–
Cash and cash equivalents	**636 290**	332 747	871 060
Total current assets	**1 478 714**	1 192 339	1 850 880
Non-current assets available for sale (refer note 12.2)	**16 000**	–	–
Total assets	**4 694 020**	3 088 151	4 638 930
Equity and liabilities			
Equity			
Stated capital	**350 749**	238 685	345 894
Treasury shares	**(113 411)**	(116 635)	(115 795)
Net issued stated capital	**237 338**	122 050	230 099
Other reserves	**(46 280)**	(85 768)	(62 980)
Retained earnings*	**2 503 323**	1 889 478	2 255 536
Attributable to equity holders of the parent	**2 694 381**	1 925 760	2 422 655
Non-controlling interests	**8 369**	8 341	8 362
Total equity	**2 702 750**	1 934 101	2 431 017
Liabilities			
Non-current liabilities			
Borrowings (refer note 9)	**306 851**	106 444	301 180
Provisions	**246 465**	157 794	239 142
Deferred tax	**311 770**	231 437	393 574
Total non-current liabilities	**865 086**	495 675	933 896
Current liabilities			
Other financial liabilities*	**10 732**	8 909	19 844
Borrowings (refer note 9)	**157 791**	152 061	212 721
Current tax payable	**133 697**	28 147	11 162
Trade and other payables (refer note 10)	**774 061**	467 138	596 483
Bank overdraft	**49 903**	2 120	433 807
Total current liabilities	**1 126 184**	658 375	1 274 017
Total liabilities	**1 991 270**	1 154 050	2 207 913
Total equity and liabilities	**4 694 020**	3 088 151	4 638 930

* *Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Cash flows from operating activities			
Cash generated from operations	**978 533**	405 726	1 013 381
Finance income received	**7 478**	11 575	20 979
Dividends received	**98**	49	98
Finance costs paid	**(23 880)**	(11 262)	(26 628)
Tax paid	**(155 737)**	(72 385)	(240 250)
Net cash inflow from operating activities	**806 492**	333 703	767 580
Cash flows from investing activities			
Acquisition of property, plant and equipment (refer note 12.3)	**(358 140)**	(45 466)	(189 010)
Acquisition of intangible assets	**(3 414)**	–	(1 357)
Proceeds on disposal of property, plant and equipment	**11 631**	4 419	9 344
Purchase of other financial assets	**(4 270)**	(159)	(16 857)
Loan advances to other financial assets	**–**	–	(283 493)
Loans advanced to associate	**–**	(51 356)	–
Acquisition of businesses and investments (refer note 12.1 and 12.2)	**(14 750)**	–	(1 003)
Proceeds on disposal of investment in subsidiary	**–**	–	45 000
Repayment of other financial assets at amortised cost	**1 822**	294	–
Net cash outflow from investing activities	**(367 121)**	(92 268)	(437 376)
Cash flows from financing activities			
Repurchase of Afrimat shares	**–**	(12 026)	(13 118)
Proceeds from borrowings (refer note 9.2)	**298 380**	43 982	410 946
Repayment of borrowings (refer note 9.2)	**(423 000)**	(102 921)	(286 715)
Capital elements of lease payments (refer note 9.2)	**(6 928)**	(5 889)	(9 133)
Repayment of other financial liabilities	**(343)**	(723)	(788)
Dividends paid (refer note 14.2)	**(158 346)**	(744)	(161 656)
Net cash outflow from financing activities	**(290 237)**	(78 321)	(60 464)
Net increase in cash, cash equivalents and bank overdrafts	**149 134**	163 114	269 740
Cash, cash equivalents and bank overdrafts at the beginning of the period	**437 253**	167 513	167 513
Cash, cash equivalents and bank overdrafts at the end of the period	**586 387**	330 627	437 253

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2020	245 988	(108 365)	(90 382)	1 634 537	7 129	1 688 907
Total comprehensive income						
Profit for the period	–	–	–	248 179	1 956	250 135
Other comprehensive income for the period	–	–	804	–	–	804
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	63	–	–	63
Income tax effect	–	–	(14)	–	–	(14)
Exchange differences on translation of foreign operations	–	–	755	–	–	755
Total comprehensive income	–	–	804	248 179	1 956	250 939
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	8 936	–	–	8 936
Deferred tax on share-based payments	–	–	1 636	–	–	1 636
Purchase of treasury shares	–	(12 026)	–	–	–	(12 026)
Settlement of employee share appreciation rights exercised and reserve transfer, net of tax	(7 303)	3 756	(6 762)	6 762	–	(3 547)
Dividends paid (refer note 14.2)	–	–	–	–	(744)	(744)
Total contributions and distributions	(7 303)	(8 270)	3 810	6 762	(744)	(5 745)
Total transactions with the owners of the parent	(7 303)	(8 270)	3 810	6 762	(744)	(5 745)
Balance at 31 August 2020	238 685	(116 635)	(85 768)	1 889 478	8 341	1 934 101
Balance at 1 March 2020	245 988	(108 365)	(90 382)	1 634 537	7 129	1 688 907
Total comprehensive income						
Profit for the year*	–	–	–	773 864	2 573	776 437
Other comprehensive income for the year	–	–	7 895	–	–	7 895
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	196	–	–	196
Income tax effect	–	–	(44)	–	–	(44)
Exchange differences on translation of foreign operations	–	–	7 743	–	–	7 743
Total comprehensive income	–	–	7 895	773 864	2 573	784 332
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	18 884	–	–	18 884
Deferred tax on share-based payments	–	–	8 074	–	–	8 074
Purchase of treasury shares	–	(13 118)	–	–	–	(13 118)
Issue of stated capital (refer note 12.1)	111 115	–	–	–	–	111 115
Settlement of employee share appreciation rights exercised and reserve transfer, net of tax	(11 209)	5 688	(7 451)	7 451	–	(5 521)
Dividends paid (refer note 14.2)	–	–	–	(160 316)	(1 340)	(161 656)
Total contributions and distributions	99 906	(7 430)	19 507	(152 865)	(1 340)	(42 222)
Total transactions with the owners of the parent	99 906	(7 430)	19 507	(152 865)	(1 340)	(42 222)
Balance at 28 February 2021	345 894	(115 795)	(62 980)	2 255 536	8 362	2 431 017

* *Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(continued)

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2021	345 894	(115 795)	(62 980)	2 255 536	8 362	2 431 017
Total comprehensive income						
Profit for the period	–	–	–	402 097	1 085	403 182
Other comprehensive income for the period	–	–	(7 102)	–	–	(7 102)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	223	–	–	223
Income tax effect	–	–	(50)	–	–	(50)
Exchange differences on translation of foreign operations	–	–	(7 275)	–	–	(7 275)
Total comprehensive income	–	–	(7 102)	402 097	1 085	396 080
Transactions with owners of the parent						
Contributions and distributions						
Share-based payments	–	–	8 555	–	–	8 555
Deferred tax on share-based payments	–	–	18 205	–	–	18 205
Settlement of employee share appreciation rights exercised and reserve transfer, net of tax	(6 145)	2 384	(2 958)	2 958	–	(3 761)
Issue of stated capital (refer note 12.1)	11 000	–	–	–	–	11 000
Dividends paid (refer note 14.2)	–	–	–	(157 268)	(1 078)	(158 346)
Total contributions and distributions	4 855	2 384	16 700	247 787	7	271 733
Total transactions with the owners of the parents	4 855	2 384	16 700	247 787	7	271 733
Balance at 31 August 2021	350 749	(113 411)	(46 280)	2 503 323	8 369	2 702 750

NOTES

1. Basis of preparation

The unaudited condensed consolidated interim financial results ('financial statements') for the six months ended 31 August 2021 ('the period') are prepared in accordance with the requirements of the JSE Limited ('JSE') Listings Requirements for provisional reports, and the requirements of the Companies Act. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 28 February 2021.

The financial statements have not been audited or reported on by Afrimat's auditors, PricewaterhouseCoopers Inc., and have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

2. Segment information

The segments of the Group have been identified by business segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors. Aggregation of segments has been determined on the basis of product outputs with similar attributes; by considering the nature of products and services, production processes and the type of class of customer for the product and services.

There are three main operational segments based on the market use of products.

The principal services and products of each of these segments are as follows:
– Construction Materials: Comprises aggregates, concrete-based products and contracting operations;
– Industrial Minerals: Comprises limestone, dolomite and industrial sand;
– Bulk Commodities: Comprises iron ore and anthracite; and
– Services: Comprises Group shared services including IT services, consulting services, etc.

	Split six months ended 31 August 2021 %	**Unaudited six months ended 31 August 2021 R'000**	Split six months ended 31 August 2020 %	Unaudited six months ended 31 August 2020 R'000	Split year ended 28 February 2021 %	Audited year ended 28 February 2021 R'000*
Revenue						
External revenue						
Construction Materials	**36,7**	**887 558**	41,8	651 965	43,2	1 595 055
Industrial Minerals	**13,9**	**336 275**	15,3	238 749	13,9	514 291
Bulk Commodities	**49,4**	**1 197 777**	42,9	667 915	42,9	1 584 413
– *Demaneng Mine*		**980 946**		667 915		1 551 661
– *Nkomati Anthracite Mine*		**60 924**		–		32 752
– *Jenkins Mine*		**155 907**		–		–
		2 421 610		1 558 629		3 693 759
Inter-segmental revenue						
Construction Materials	**96,7**	**120 240**	92,0	78 928	68,4	146 360
Industrial Minerals	**1,0**	**1 243**	2,3	1 956	1,2	2 515
Bulk Commodities	**–**	**–**	–	–	–	–
Services	**2,3**	**2 861**	5,7	4 932	30,4	64 882
		124 344		85 816		213 757
Total revenue						
Construction Materials	**39,6**	**1 007 798**	44,5	730 893	44,6	1 741 415
Industrial Minerals	**13,3**	**337 518**	14,6	240 705	13,2	516 806
Bulk Commodities	**47,0**	**1 197 777**	40,6	667 915	40,5	1 584 413
– *Demaneng Mine*		**980 946**		667 915		1 551 661
– *Nkomati Anthracite Mine*		**60 924**		–		32 752
– *Jenkins Mine*		**155 907**		–		–
Services	**0,1**	**2 861**	0,3	4 932	1,7	64 882
		2 545 954		1 644 445		3 907 516

NOTES

	Split six months ended 31 August 2021 %	Unaudited six months ended 31 August 2021 R'000	Split six months ended 31 August 2020 %	Unaudited six months ended 31 August 2020 R'000	Split year ended 28 February 2021 %	Audited year ended 28 February 2021 R'000*
2. Segment information (continued)						
Operating profit						
Construction Materials	**13,6**	**79 488**	0,8	2 764	9,9	104 906
Industrial Minerals	**8,8**	**51 124**	7,0	24 574	5,2	55 481
Bulk Commodities*	**77,9**	**453 736**	92,3	325 829	85,7	907 285
– Demaneng Mine		**478 207**		325 829		751 539
*– Nkomati Anthracite Mine***		**(107 876)**		–		155 746
– Jenkins Mine		**83 405**		–		–
Services	**(0,3)**	**(1 548)**	(0,1)	(59)	(0,8)	(8 771)
		582 800		353 108		1 058 901
Operating profit margin on external revenue (%)						
Construction Materials		**9,0**		0,4		6,6
Industrial Minerals		**15,2**		10,3		10,8
Bulk Commodities*		**37,9**		48,8		57,3
Overall contribution*		**24,1**		22,7		28,7
Other information						
Assets						
Construction Materials		**1 232 236**		1 140 759		1 264 653
Industrial Minerals		**649 925**		607 816		624 832
Bulk Commodities (refer note 4)		**1 554 355**		563 153		1 309 910
Services*		**1 257 504**		776 423		1 439 535
		4 694 020		3 088 151		4 638 930
Liabilities						
Construction Materials		**530 657**		357 777		524 900
Industrial Minerals		**95 705**		104 337		83 794
Bulk Commodities* (refer note 10)		**351 143**		92 078		166 020
Services		**1 013 765**		599 858		1 433 199
		1 991 270		1 154 050		2 207 913
Capital expenditure (excluding acquisitions through business combinations)						
Construction Materials		**112 552**		30 767		158 885
Industrial Minerals		**22 942**		11 862		32 313
Bulk Commodities		**50 736**		25 320		87 307
Services		**4 851**		6 859		15 082
		191 081		74 808		293 587

* *Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

** *As a result of the measurement period adjustment, a gain on bargain purchase amounting to R172,6 million was included in the Nkomati Anthracite Mine February 2021 results.*

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
3. Impairment/Remeasurement			
Impairment of property, plant and equipment	**8 589**	–	–
Remeasurement of disposal group held for sale	**–**	–	22 083

During the period an attack by non-state armed groups occurred in the Palma District, Cabo Delgado Province, Mozambique. As a result, Afrimat immediately withdrew all expats, repatriated them to South Africa and declared *force majeure*. An impairment of R8,6 million was recognised in respect of property, plant and equipment, which could not be recovered and no longer had economic value.

In the prior year, Afrimat purchased the remaining ordinary shares of Unicorn Capital Partners Limited ('UCP'), Afrimat completed an internal restructure process and subsequently disposed of the restructured UCP group. Upon acquisition, the equity interest of the associate was remeasured to its fair value, resulting in an upward adjustment of R25,1 million. Subsequently, a downward remeasurement of R22,1 million was made to the disposal group – UCP held for sale.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
4. Property, plant and equipment			
Land and buildings	**102 615**	101 059	104 677
Leasehold property	**17 480**	15 590	16 347
Plant and machinery	**855 327**	662 916	801 581
Motor vehicles	**493 626**	400 070	475 374
Office and computer equipment	**9 410**	9 035	9 851
Dismantling costs	**13 530**	15 278	15 766
Stripping assets	**69 005**	–	61 738
Mining assets	**1 001 569**	315 469	727 308
Right of Use assets	**32 405**	32 278	34 851
	2 594 967	1 551 695	2 247 493

The increase in 'Stripping assets' and 'Mining assets' is mainly attributable to the acquisition of Nkomati and Coza, refer note 12.1 and 12.3 for further disclosure, respectively.

Depreciation	**132 347**	92 958	207 578
Amortisation	**1 172**	840	1 798
	133 519	93 798	209 376

	Number of shares		
	31 August 2021	31 August 2020	28 February 2021
5. Movement in number of treasury shares			
Opening balance	**8 545 257**	8 239 965	8 239 965
Utilised for Share Appreciation Rights Scheme	**(84 186)**	(128 368)	(196 031)
Purchased during the period/year	**–**	472 381	501 323
Closing balance	**8 461 071**	8 583 978	8 545 257

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 699 614 shares representing 4,58% of the issued share capital of the Company.

Afrimat Management Services Proprietary Limited ('AMS') holds 1 359 350 shares, as nominee for the absolute benefit of the participants of the Company's Forfeitable Share Plan ('FSP').

The remaining 402 107 shares held in AMS are held for the purposes of the Company's Share Appreciation Rights Scheme ('SAR').

	Unaudited six months ended 31 August 2021	Unaudited six months ended 31 August 2020	Audited year ended 28 February 2021*
6. Earnings per share			
Number of shares in issue			
Total shares in issue	**146 341 193**	143 262 412	146 144 764
Treasury shares (refer note 5)	**(8 461 071)**	(8 583 978)	(8 545 257)
Net shares in issue	**137 880 122**	134 678 434	137 599 507
Weighted average number of net shares in issue	**137 671 711**	134 597 658	135 380 623
Diluted weighted average number of shares	**142 495 866**	136 467 419	138 344 547
Profit attributable to ordinary shareholders (R'000)*	**402 097**	248 179	773 864
Earnings per ordinary share (cents)*	**292,1**	184,4	571,6
Diluted earnings per ordinary share (cents)*	**282,2**	181,9	559,4

** Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

During the reporting period 196 429 shares were issued to Mpumalanga Economic Growth Agency ('MEGA'), previously a minority shareholder of Nkomati, refer note 12.1 for further disclosures.

In the prior year 2 882 352 shares were issued when Afrimat acquired all of the UCP group's shares. Refer to note 12.1 for further disclosures.

	Unaudited six months ended 31 August 2021	Unaudited six months ended 31 August 2020	Audited year ended 28 February 2021*
7. Financial position ratios			
7.1 Net asset value ('NAV') per share			
Number of shares in issue			
Total shares in issue	**146 341 193**	143 262 412	146 144 764
Treasury shares (refer note 5)	**(8 461 071)**	(8 583 978)	(8 545 257)
Net shares in issue	**137 880 122**	134 678 434	137 599 507
Shareholders' funds attributable to owners of the parent (R'000)*	**2 694 381**	1 925 760	2 422 655
Total NAV per share (cents)	**1 954**	1 430	1 761
7.2 Tangible net asset value ('TNAV') per share			
Shareholders' funds attributable to owners of the parent (R'000)*	**2 694 381**	1 925 760	2 422 655
Intangible assets and goodwill (R'000)*	**(212 110)**	(209 632)	(209 785)
	2 482 271	1 716 128	2 212 870
Total TNAV per share (cents)	**1 800**	1 274	1 608
7.3 Net debt:equity			
Total borrowings and other financial liabilities (R'000)*	**475 374**	267 414	533 745
Net cash (R'000)	**(586 387)**	(330 627)	(437 253)
Net debt (R'000)*	**(111 013)**	(63 213)	96 492
Net debt:equity ratio (%)*	**(4,1)**	(3,3)	4,0

** Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 12.1 for further disclosures.*

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
8. Other financial assets			
Financial assets at fair value through other comprehensive income	**3 265**	720	3 046
Financial assets at fair value through profit or loss	**67 178**	49 984	63 103
Financial assets at amortised cost	**13 664**	69 862	14 191
	84 107	120 566	80 340
Non-current other financial assets	**84 107**	78 899	80 340
Current other financial assets	**–**	41 667	–
	84 107	120 566	80 340

In the prior period, loans were made to the Group's associate and related party, UCP and Nkomati Anthracite Proprietary Limited ('Nkomati'), respectively.

The UCP loan (including interest accrued) of R20,0 million bore interest at 24,0% and the loan was repayable by 31 December 2020. Afrimat purchased the remaining ordinary shares of UCP and completed an internal restructure process and subsequently disposed of the restructured UCP group. Refer note 3 for further disclosure.

The Nkomati loans (including interest accrued) which consisted of R21,6 million and R27,4 million, bore interest at 24,0% and 10,0%, repayable by 30 September 2020 and 31 December 2021, respectively. The nature and terms of the loans changed subsequent to the acquisition of Nkomati resulting in a change in classification to 'loans with group companies'.

Refer to note 13 for fair value disclosure of other financial assets.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
9. Borrowings			
9.1 Capital net movement			
Opening balance	**513 901**	295 832	295 832
New borrowings	**378 273**	71 483	513 917
Finance cost	**2 396**	1 387	3 787
Repayments	**(429 928)**	(110 197)	(299 635)
Closing balance	**464 642**	258 505	513 901
Analysis as per Statement of Financial Position			
Borrowings non-current	**306 851**	106 444	301 180
Borrowings current	**157 791**	152 061	212 721
	464 642	258 505	513 901

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
9. Borrowings (continued)			
9.2 Analysis as per Statement of Cash Flow			
Opening balance	**513 901**	295 832	295 832
Borrowings raised	**298 380**	43 982	410 946
Borrowings raised – non-cash	**82 289**	27 501	102 971
Instalment sale agreements	**79 893**	25 502	91 660
Additions through business combinations (refer note 12.1)	**–**	–	2 802
Lease liabilities	**2 396**	1 999	8 509
Repayments	**(429 928)**	(108 810)	(295 848)
Instalment sale agreements and medium-term loan	**(423 000)**	(102 921)	(286 715)
Lease liabilities	**(6 928)**	(5 889)	(9 133)
Total closing balance borrowings	**464 642**	258 505	513 901

In February 2021, the Group acquired a R300,0 million five-year term facility with The Standard Bank of South Africa Limited ('SBSA') and Rand Merchant Bank ('RMB'). An amount of R220,0 million was utilised on 19 February 2021. The loan bears interest linked to the three-month Jibar rate and is payable in quarterly instalments of R11,0 million plus interest. The first instalment commenced on 31 May 2021.

The Group acquired another R300,0 million three-year term facility with RMB in August 2020, bearing interest linked to the three-month Jibar rate and payable in quarterly instalments. This loan was repaid in full on 27 August 2021.

The Group has an 18-month US$4,0 million revolving credit facility, of which US$1,7 million (2020: US$2,65 million) was drawn, with Standard Bank (Mauritius) Limited. The facility bears interest at Libor plus 2,6% payable quarterly. The facility was renewed in August 2021 for a further 18-months and is available until 28 February 2023.

		Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
10.1	**Trade and other receivables**			
	Trade receivables – net	**455 873**	320 422	377 757
	Trade receivables at fair value through profit or loss	**134 363**	125 952	212 432
	Provision for final price adjustment	**(134 363)**	33 860	52 973
	Other	**37 697**	46 272	52 774
	Total trade and other receivables	**493 570**	526 506	695 936
10.2	**Trade and other payables**			
	Trade payables	**267 848**	194 455	263 954
	Provision for final price adjustment	**99 591**	–	–
	Other	**406 622**	272 683	332 529
	Total trade and other payables	**774 061**	467 138	596 483

The provision for final price adjustment relates to the customer in Afrimat Demaneng Proprietary Limited ('Demaneng'), Kumba International Trading S.A.R.L ('Kumba'). In terms of the agreement, commodity prices used in the invoice issued at revenue recognition date (i.e. the designated point of delivery (FOB)) are based on the average daily prices with reference to the IODEX for the prior month. A final price adjustment is made, three months following revenue recognition based on the average market price of the third month.

The amount of revenue recognised is based on the best estimate of the amount expected to be received and therefore a monthly provision for the final price adjustment is recognised, based on the relevant forward looking iron ore prices.

Extract of forward looking variables applicable on 31 August 2021:

	August 2021 Three-month/ spot	July 2021 Two-month/ spot	June 2021 One-month/ spot
Average actual iron ore price invoiced at FOB (US$)	**208**	216	193
Iron ore forward price at FOB (US$)	**118**	117	117
Sales volume (tonnes)	**56 886**	56 731	67 975

Refer to note 13 for further details on fair value methodology.

		Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
11.	**Authorised capital expenditure**			
	Contracted after year-end, but not provided for			
	Property, plant and equipment	**–**	–	36 137
	Not yet contracted for			
	– Property, plant and equipment	**71 857**	88 992	185 484
	Total authorised capital expenditure	**71 857**	88 992	221 621

12. Acquisition of businesses

12.1 Unicorn Capital Partners Limited ('UCP')/Nkomati Anthracite Proprietary Limited ('Nkomati')

In F2020, the Group acquired 27,3% of UCP's share capital for an amount of R16,0 million. In F2021, the Group advised the market of the intention to acquire the remaining UCP shares by way of a scheme of arrangement ('Scheme') in terms of section 114 of the Companies Act, where UCP shareholders obtained one Afrimat Limited ordinary share for every 280 UCP ordinary shares disposed of, with no cash alternative. This resulted in 2 882 352 shares issued to the value of R111,1 million.

On 15 December 2020, all conditions precedent were fulfilled and the agreement became unconditional.

The accounting treatment for this business combination is still within the measurement period and information pertaining to the fair value of the mining assets have not yet been finalised.

Provisional details of the acquisition are as follows:

	Total 2021 R'000 As originally presented	Total 2021 R'000 Measurement period adjustment	Total 2021 R'000 Adjusted
Carrying amount/fair value of net assets acquired – Nkomati			
Property, plant and equipment	604 506	–	604 506
Other financial assets	8 994	–	8 994
Inventories	5 276	–	5 276
Deferred tax asset*	–	57 576	57 576
Trade and other receivables	21 651	–	21 651
Borrowings	(2 802)	–	(2 802)
Provisions	(81 040)	–	(81 040)
Deferred tax liability*	(132 334)	132 334	–
Other financial liability (Afrimat Limited)	(283 492)	–	(283 492)
Deferred consideration*	–	(11 000)	(11 000)
Trade and other payables	(38 781)	–	(38 781)
Cash and cash equivalents	(1 003)	–	(1 003)
Net assets – Nkomati	100 975	178 910	279 885
Fair value of UCP	45 000	–	45 000
Goodwill/(gain on bargain purchase)*	6 300	(178 910)	(172 610)
Total net assets acquired	152 275	–	152 275
Proforma revenue assuming the business combination for the full year	111 813	–	111 813
Proforma loss after tax assuming the business combination for the full year	282 944	–	282 944
Revenue included in results	32 752	–	32 752
Loss after tax included in results	33 751	–	33 751
Acquisition cost (including business rescue cost) included in 'operating expenses' for the year	2 231	–	2 231

** Measurement period adjustment – during the reporting period, the comparative information for February 2021 was retrospectively adjusted to recognise a deferred tax asset on assessed losses finalised, which resulted in a decrease in goodwill and a gain on bargain purchase of R172,6 million in the process of finalising the accounting for this business combination. In addition Afrimat issued a total of 196 429 shares to Mpumalanga Economic Growth Agency ('MEGA'), previously a minority shareholder of Nkomati.*

12. Acquisition of businesses (continued)

12.1 Unicorn Capital Partners Limited ('UCP'/Nkomati Anthracite Proprietary Limited ('Nkomati') (continued)

Property, plant and equipment

An external valuator was used in obtaining the fair value of property, plant and equipment. Comparable factors was used in the valuation methodology used by the valuator.

Mining reserves included/excluded life-of-mine ('LOM') plan

The value of all reserves (included and excluded in LOM) was valued using a discounted cash flow per LOM plan.

The long-term anthracite price used in the valuation was as follows:

Reserve:	Long-term price (R/tonne)
Anthracite low ash nuts	2 067
Anthracite low ash duff	1 653
Anthracite high ash nuts	820
Anthracite high ash duff	550

The following discounted rates were used:

Class		Real discount rate
Category 1:	Resources with a high level of confidence of economical extraction that had been proven through historical mining of such area or adequate drilling.	15,5%
Category 2:	High risk measured and indicated resources, due to complex geological setting. Further feasibility studies are required.	18,5%
Category 3:	Inferred resources and resources without regulatory approvals in place, including environmental authorisation and water use. Resources are not verified, further exploration and drilling are required to be performed.	21,5%

At acquisition, the fair value of trade and other receivables was R19,9 million and includes trade receivables of R8,2 million. An amount of R5,6 million is reflected as neither impaired nor past due.

Analysis as per statement of cash flows:

	Total 2021 R'000
Total consideration (fair value)	(152 275)
Cash and cash equivalents	(1 003)
Fair value of associate	41 160
Cost of associate acquired	16 020
Gain recognised as a result of remeasuring the associate to fair value the equity interest	25 140
Issue of shares	111 115
Cash outflow	**(1 003)**

12. Acquisition of businesses (continued)

12.2 JEF Drill and Blast Proprietary Limited ('JEF')

In the current year, the Group acquired 100,0% of the issued shares of JEF Drill and Blast Proprietary Limited, which was subsequently renamed to Afrimat Mining Services Proprietary Limited ('Afrimat Mining Services'), by way of a Sale of Shares agreement for a consideration of R1, as well as a cession agreement with the creditors of the company to purchase the remaining balance owing, for an additional consideration of R14,7 million.

The company was placed in business rescue effective 1 February 2021. As part of the business rescue process a business rescue plan ('Plan') was developed to which Afrimat provided the business rescue practitioner ('BRP') with its proposal to rescue the company. The Plan was approved by the requisite creditors and shareholders on 14 June 2021.

On 23 June 2021, all conditions precedent were fulfilled and the agreement became unconditional.

Provisional details of the acquisition are as follows:

	Total 2022 R'000
Carrying amount/fair value of net assets acquired – Afrimat Mining Services	
Non-current assets held for sale	16 000
Trade and other receivables	1 771
Trade and other payables	(14 750)
Net assets – Afrimat Mining Services	3 021
Total consideration (fair value)	–
Gain on bargain purchase	(3 021)
Total net assets acquired	–
Pro forma revenue assuming the business combination for the full period	–
Pro forma loss after tax assuming the business combination for the full period	(8 073)
Revenue included in results	–
Loss after tax included in results	(413)
Acquisition cost (including business rescue cost) included in 'operating expenses' for the year	–

12. Acquisition of businesses (continued)

12.3 Coza Mining Proprietary Limited ('Coza')

As per the SENS announcement published on 17 August 2020, the Company entered into a Sale of Shares agreement ('Coza Agreement'), in terms of which the Company agreed to purchase 100,0% of the issued ordinary shares of Coza Mining Proprietary Limited ('Coza') ('Assets'), with operations in South Africa, for a purchase consideration of R300,0 million, subject to adjustment ('Coza Transaction').

The Group entered into a mining contractor's agreement with Coza, allowing the Group to undertake mining operations at the mine, pursuant to the grant of the mining right for Farm Morokwa 572 and Farm Jenkins (together 'Jenkins Mine'). On 27 June 2021, the mining right was granted for the Jenkins Mine. Effective management and control of the mining operations through its appointment as mining contractor in terms of the mining contractor's agreement was obtained by the Group effectively from 1 July 2021. On 14 September 2021, all conditions precedent were fulfilled and the agreement became unconditional.

The purchase consideration of R307,6 million, including interest to the amount of R7,6 million, has been settled as follows:

- On 6 May 2021 the mining rights for Driehoekspan and Doornpan was obtained, a payment of R122,9 million was made;
- On 27 June 2021 the mining right for Jenkins was obtained, a payment of R122,9 million was made; and
- The balance of R61,9 million has been subsequently settled on 5 October 2021 as the remaining condition precedent has been met.

	Total 2022 R'000
Carrying amount/fair value of net assets acquired – Coza	
Property, plant and equipment	307 643
Net assets – Coza	**307 643**
Consideration payable	61 872
Cash consideration paid	245 771
Total consideration	**307 643**
Net cash outflow from acquisition of business and property:	–
Cash consideration paid	(245 771)

13. Fair value estimation

Fair value determination

The following table presents the financial assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
At 31 August 2021			
Assets			
At fair value through other comprehensive income			
Equity securities*	**41**	**–**	**–**
Environmental funds**	**–**	**3 224**	**–**
At fair value through profit or loss			
Unit trusts**	**–**	**67 178**	**–**
Total assets	**41**	**70 402**	**–**
Liabilities			
Trade payables***	**–**	**(99 591)**	**–**
Call option derivative liability****	**–**	**(2 231)**	**–**
Total liabilities	**–**	**(101 822)**	**–**
At 31 August 2020			
Assets			
At fair value through other comprehensive income			
Equity securities*	81	–	–
Environmental funds**	–	639	–
At fair value through profit or loss			
Unit trusts**	–	49 984	–
Trade receivables***	–	159 812	–
Total assets	81	210 435	–
At 28 February 2021			
Assets			
At fair value through other comprehensive income			
Equity securities*	41	–	–
Environmental funds**	–	3 005	–
At fair value through profit or loss			
Unit trusts**	–	63 103	–
Trade receivables***	–	265 405	–
Total assets	41	331 513	–

* *The fair value was based on quoted market prices at the end of the reporting period.*

** *The fair value was derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment by reference to the fair value of the individual assets and liabilities recognised in the unit trust's/environmental fund's Statement of Financial Position.*

*** *Trade receivables/payables measured at fair value relates to Afrimat Demaneng Proprietary Limited. The fair value was determined using the three-month forward-looking iron ore price and foreign exchange rate as at the end of the reporting period.*

**** *The fair value was derived using the Black-Scholes Methodology.*

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
14. Dividends			
14.1 Afrimat Limited dividends paid/declared in respect of the current year profits			
Interim dividend declared/paid	**58 537**	51 574	51 574
Final dividend declared/paid	**–**	–	163 682
	58 537	51 574	215 256
14.2 Dividends cash flow			
Current year interim dividend paid	**–**	–	51 574
Previous year final dividend paid	**163 682**	–	116 043
Dividends received on treasury shares	**(6 414)**	–	(7 301)
	157 268	–	160 316
Dividends paid by subsidiaries to non-controlling shareholders	**1 078**	744	1 340
	158 346	744	161 656

15. Events after reporting date

Coza Mining Proprietary Limited ('Coza')

As per the SENS announcement published on 17 August 2020, the Company entered into a Sale of Shares agreement ('Coza Agreement'), in terms of which the Company agreed to purchase 100,0% of the issued ordinary shares of Coza Mining Proprietary Limited ('Coza') ('Assets'), with operations in South Africa, for a purchase consideration of R300,0 million, subject to adjustment ('Coza Transaction').

On 14 September 2021, all conditions precedent as set out in the Coza Agreement have been fulfilled. Accordingly, the Coza Transaction is now unconditional and has been implemented. Jenkins Mine, which forms part of the Coza Transaction, has commenced with production from 1 July 2021.

Gravenhage Manganese Mining Right

On 21 May 2021, the Company entered into an agreement with Aquila Steel (S Africa) Proprietary Limited and Rakana Consolidated Mines Proprietary Limited, in terms of which the Company will purchase 100,0% of the Gravenhage manganese mining right and associated assets for a purchase consideration of US$45,0 million and ZAR15,0 million, respectively and will be paid as follows:

- A first tranche payment in ZAR equivalent to US$30,0 million plus a contribution amount of ZAR15,0 million relating to the purchase of the property payable on the 10th business day following fulfilment or wavier of the conditions precedent.
- A second tranche payment in ZAR equivalent to US$15,0 million at the earlier of entry into one or more transactions with a third party which will result in Afrimat holding, directly or indirectly, less than 50% interest in the mining right; and 12 months after the date on which manganese ore or iron ore (excluding any discard material pertaining to such ore) recovered from the mining area is first delivered to the product stockpile containing such types of ore, a facility for processing or any location outside of the mining area.

The acquisition is subject to the fulfilment of the following outstanding conditions precedent ('conditions precedent'):

- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002;
- Grant of Water Use Licence application.

16. Going concern

Covid-19

The impact of the Covid-19 pandemic has been considered up to 31 August 2021. The pandemic is considered to be an ongoing event and management is continuously assessing and monitoring developments with regards to the pandemic and its impact on the business.

Subsequent to the reporting period, there were no significant changes in the Covid-19 pandemic restrictions impacting the Group and therefore, no subsequent events related to the Covid-19 pandemic have occurred or any other further material events which occurred after the reporting date and up to the date of this report.

17. Contingencies

Guarantees to the value of R66,0 million (August 2020: R69,6 million) were supplied by Standard Bank of South Africa ('SBSA') to various parties, including the Department of Mineral Resources and Energy ('DMRE') and Eskom, respectively during the period under review.

Guarantees to the value of R38,4 million (August 2020: R204,3 million) were supplied by First National Bank ('FNB') to various parties, including the DMRE and Eskom, respectively during the period under review. The decrease in the amount relates to the guarantee of R189,2 million previously obtained for the Coza acquisition, which has been released during the current period.

Guarantees to the value of RNil (August 2020: R1,6 million) by Lombard's Insurance Group, R0,9 million (August 2020: R0,9 million) by ABSA Bank Limited, R212,4 million (August 2020: R175,8 million) by Centriq Insurance Innovation and R2,7 million (August 2020: R2,7 million) by SIG Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMRE, Eskom and Chevron South Africa Proprietary Limited. The value of Centriq guarantees has increased due to the proportionate increase in quantum calculations affected by National Environmental Management Act ('NEMA') requirements.

The majority of these guarantees are in respect of environmental rehabilitation and will only be payable in the event of default by the Group.

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the DMRE in respect of companies with mining rights. These commitments are dependent on the realisation of the future agreed upon LED projects. Future commitments amount to R14,2 million (August 2020: R8,2 million). An accrual has been raised in respect of commitments made up to the end of the reporting period.

On 24 March 2021, an attack by non-state armed groups occurred in the Palma District, Cabo Delgado Province, Mozambique. Afrimat immediately withdrew all expats, repatriated them to South Africa and declared *force majeure*. The Group is in the process to determine the full extent of the losses and is in continuous discussions with contractors and insurance providers to understand the full impact of this event. Afrimat Mozambique Limitada's results is included in the Construction Materials segment.

The Company received notice on 31 March 2017 from the Competition Commissioner that it had referred a complaint to the Competition Tribunal, alleging that the Company, through its wholly owned subsidiary, Clinker Supplies Proprietary Limited ('Clinker'), had engaged in an abuse of dominance by allegedly charging excessive prices. After taking legal advice and considering the complaint, the Company is of the opinion that there is no merit to the complaint and will therefore vigorously defend itself before the Competition Tribunal. The Competition Commission is ordering an administrative penalty equal to 10% of affected turnover for F2016 which equates to R16,3 million. The Company still awaits a final hearing date to be set by the Tribunal.

	Unaudited six months ended 31 August 2021 R'000	Unaudited six months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
18. Related parties			
Loan balance owing by associate	**8 548**	69 053	8 608
Interest received from associate	**204**	2 589	4 786

Directors
MW von Wielligh*# (Chairman)
AJ van Heerden◇ (CEO)
PGS de Wit◇ (CFO)
C Ramukhubathi◇
GJ Coffee*
L Dotwana*
PRE Tsukudu*#
JF van der Merwe*#
JH van der Merwe*#
HN Pool*#
FM Louw*# (Deputy Chairman)
* *Non-executive director*
\# *Independent*
◇ *Executive director*

Registered office
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Sponsor
PSG Capital Proprietary Limited
1st Floor, Ou Kollege Building, 35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch 7599)

Auditor
PricewaterhouseCoopers Inc.
PWC Building
Capital Place, 15 – 21 Neutron Avenue, Technopark
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Company secretary
C Burger
Tyger Valley Office Park No. 2
Cnr. Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Announcement date
4 November 2021