



■ Revenue: R2,3 billion
■ Headline earning per share: 38,8 cents

2010
INTERIM RESULTS

Unaudited interim financial results
for the six months ended
30 June 2010

Performance summary

Revenue for the six months to 30 June 2010 was R2,3 billion, down 3%, with R354 million in earnings before interest, tax, depreciation and amortisation (EBITDA), down 13%, compared to the same period last year. EBITDA margin was 15,3%, down 1,8%. Net profit was R125 million (2009: R127 million) and headline earnings per share 38,8 cents (2009: 38,7 cents). Capital expenditure was R93 million (2009: R115 million) for the period. Net borrowings were R941 million (2009: R1,24 billion). The Group's gearing was 21,5% compared to 27,1% for the same period last year.

Business review

Afrox continued to experience difficult trading conditions, with volumes lower than last year, as industrial sector spending remained under pressure, with recovery only experienced in the automotive and basic iron and steel industries.

The Group's results were negatively affected by several non-repetitive events. Operations were adversely affected by plant outages and a drivers' strike, which impacted on customer service and costs. The strength of the Rand and high steel prices affected the competitiveness of Afrox's own-manufactured welding products and cutting equipment. Finally, the Eskom and municipality electricity tariff increases impacted the bottom line.

LPG volumes were up 3%, driven by the automotive sector, while the LPG cylinder business was down amid increased competitor activity. The regulation of retail prices of LPG cylinders sold to residential customers commenced on July 14, 2010, and Afrox has factored the impact of these changes into its business strategy.

Healthcare performed well with an increase in volumes during this reporting period.

Operations in other African countries contributed 29% (2009: 28%) to the Group's half-year EBITDA following a challenging first-half. Afrox will continue to aggressively grow its business in rapidly expanding sub-Saharan economies, aligning with existing customer strategies and investments in order to take advantage of increasing consumer demand in the region.

The Group's underlying business remains strong and, as the leading gases and welding company in Africa, Afrox remains the supplier of choice in key markets. Our Level 4 Broad-Based Black Economic Empowerment rating continues to have a positive effect while solid progress is being made in respect of Afrox's BEE transformation programme and drive for High Performance Organisation status.

Dividend


It is the Group's policy to consider dividends twice annually. The board of directors have declared an interim cash dividend of 19,0 cents per share for the six months ended June 2010 (2009: 19,0 cents). The dividend is covered 2,0 times by earnings per share.

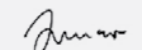
Board of directors

Frederick Kotzee was appointed financial director from 1 April 2010 and Dynes Woodrow was appointed as non-executive director effective 20 May 2010.

Outlook

No significant improvement is expected in the South African economy in the second-half of 2010 with only moderate recovery expected in the rest of Africa. Focus will remain on cost management and customer service. As such Afrox maintains a cautious outlook.


Kent Masters
Chairman


Tjaart Kruger
Managing director

26 August 2010
Johannesburg

NOTICE OF INTERIM DIVIDEND DECLARATION NUMBER 168 AND SALIENT FEATURES

Notice is hereby given that an interim cash dividend of 19 cents per ordinary share, being the interim dividend for the six-month period ended 30 June 2010, has been declared payable to all shareholders of African Oxygen Limited recorded in the register on Friday, 22 October 2010.

The salient dates for the declaration and payment of the interim dividend are as follows:

Last day to trade ordinary shares "cum" dividend	Friday, 15 October 2010
Ordinary shares trade "ex" the dividend	Monday, 18 October 2010
Record date	Friday, 22 October 2010
Payment date	Monday, 25 October 2010

Share certificates may not be dematerialised or rematerialised between Monday, 18 October 2010 and Friday, 22 October 2010, both days inclusive.

By order of the Board

A Meer-Seedat
Acting company secretary

26 August 2010
Johannesburg

Corporate information

African Oxygen Limited
(Incorporated in the Republic of South Africa)
Registration number: 1927/000089/06
ISIN: ZAE000067120
JSE code: AFX NSX code: AOX

Registered office
Afrox House, 23 Webber Street, Selby
Johannesburg, 2001
PO Box 5404, Johannesburg, 2000
Telephone: +27 (11) 490 0400

Transfer secretaries
Computershare Investor Services (Pty) Limited

Sponsor in South Africa
Barnard Jacobs Mellet Corporate Finance (Pty) Limited

Sponsor in Namibia
Namibia Equity Brokers (Pty) Limited

Directors
TN Kruger (Managing Director), FT Kotzee (Financial Director),
J Narayadoo (Director MPG Operations), JK Masters* (Chairman),
J Nowicki**, KJ Oliver, DM Lawrence, M Malebye, Dr KDK Mokhele,
SM Pitjana, LL van Niekerk, DM Woodrow***

* American, ** German, *** British

Acting company secretary
A Meer-Seedat

Auditors
KPMG Inc.

Afrox is a member of The Linde Group

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www.afrox.co.za



Condensed consolidated income statement

R'million	Note	30 June	30 June	31 December
		2010	2009	2009
		6 Months	6 Months	12 Months
			Restated	Restated
Revenue		2 312	2 374	4 795
Operating cost		(1 958)	(1 969)	(4 012)
Earnings before interest tax, depreciation and amortisation (EBITDA)		354	405	783
Depreciation and amortisation		(137)	(151)	(301)
Operating profit		217	254	482
Net finance expense		(31)	(68)	(116)
Share of profit from associate		3	2	2
Profit before tax		189	188	368
Income tax expense		(64)	(61)	(125)
Profit for the period		125	127	243
Profit for the period attributable to:				
Equity holders of the Company		118	120	232
Non-controlling interest		7	7	11
		125	127	243
Basic and diluted earnings per share – cents	5	38,3	39,0	75,2
Headline earnings per share – cents	5	38,8	38,7	74,6

Condensed consolidated statement of comprehensive income

R'million	30 June	30 June	31 December
	2010	2009	2009
		6 Months	12 Months
			Restated
Profit for the period	125	127	243
Other comprehensive income after tax:	(49)	(43)	(14)
Exchange differences for foreign operations	(5)	(31)	(27)
Exchange differences relating to non-controlling interest	(1)	(8)	(4)
Changes in fair value of cash flow hedges	—	(4)	(2)
Actuarial gains/(losses) on defined-benefit funds	(60)	—	26
Deferred tax relating to actuarial gains/losses	17	—	(7)
Total comprehensive income for the period	76	84	229
Total comprehensive income attributable to:			
Equity holders of the Company	71	85	222
Non-controlling interest	5	(1)	7
	76	84	229

Statistics and ratios

R'million	30 June	30 June	31 December
	2010	2009	2009
		6 Months	12 Months
			Restated
Average no of shares in issue during the period ('000)	308 568	308 568	308 568
Shares in issue ('000)	308 568	308 568	308 568
Net asset value per share excluding actuarial gain/loss (cents)	822	785	804
Dividends per share (cents)	19,0	19,0	38,0
Final Interim	19,0	19,0	19,0
Ratios			
EBITDA margin (%)	15,3	17,1	16,3
Interest cover on operating profit (times)	7,0	3,7	4,2
Effective tax rate (%)	33,8	32,6	34,0
Gearing (%)	21,5	27,1	21,1
Dividend cover – (times)	2,0	2,1	2,0

Geographic segments

R'million	30 June	30 June	31 December
	2010	2009	2009
		6 Months	12 Months
			Restated
Revenue	2 312	2 374	4 795
South Africa	1 955	1 998	4 070
Rest of Africa	357	376	725
Earnings before interest tax, depreciation and amortisation (EBITDA)	354	405	783
South Africa	252	290	577
Rest of Africa	102	115	206
Total assets	5 712	5 744	5 796
South Africa	5 390	5 263	5 273
Rest of Africa	322	481	523

Comparative analysis

R'million	30 June 2009			31 December 2009		
	Reported	Adjustment	Restated	Reported	Adjustment	Restated
		6 Months		12 Months		
Revenue	2 374	—	2 374	4 795	—	4 795
Operating cost	(1 941)	(28)	(1 969)	(3 957)	(55)	(4 012)
EBITDA	433	(28)	405	838	(55)	783
Depreciation and amortisation	(151)	—	(151)	(301)	—	(301)
Operating profit	282	(28)	254	537	(55)	482
Net finance expense	(96)	28	(68)	(171)	55	(116)
Share of profit from associate	2	—	2	2	—	2
Profit before tax	188	—	188	368	—	368
Income tax expense	(61)	—	(61)	(125)	—	(125)
Profit for the period	127	—	127	243	—	243
Profit for the period attributable to:						
Equity holders of the Company	120	—	120	232	—	232
Non-controlling interest	7	—	7	11	—	11
	127	—	127	243	—	243
Basic and diluted earnings per share – cents	39,0	—	39,0	75,2	—	75,2
Headline earnings per share – cents	38,7	—	38,7	74,6	—	74,6

The adjustment relates to the following:

Pension fund
Net financing cost for pensions is shown as finance expense and investment income and not within operating profit.

Notes to the financial statements

African Oxygen Limited ("Afrox" or the "Company") is a South African registered company. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

- Statement of compliance**
These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), the presentation as well as disclosure requirements of IAS 34 *Interim Financial Reporting*, the Listing Requirements of the JSE Limited and the Companies Act of South Africa, as amended.
- Basis of preparation**
The financial statements are prepared in millions of South African Rands (R'million) on the historical cost basis. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

Condensed consolidated statement of financial position

R'million	Note	30 June	30 June	31 December
		2010	2009	2009
		6 Months	6 Months	12 Months
ASSETS				
Property, plant and equipment	4	2 688	2 766	2 729
Other non-current assets		974	999	1 020
Non-current assets		3 662	3 765	3 749
Inventories		654	711	573
Trade and other receivables		902	1 081	865
Cash and short-term deposits		494	187	609
Current assets		2 050	1 979	2 047
Total assets		5 712	5 744	5 796
EQUITY AND LIABILITIES				
Shareholders' equity		2 839	2 749	2 827
Non-controlling interest		36	33	32
Total equity		2 875	2 782	2 859
Long-term borrowings		1 127	790	1 127
Deferred tax		573	538	562
Non-current liabilities		1 700	1 328	1 689
Current portion of long-term borrowings		263	600	363
Trade, other payables and provisions		812	964	843
Income tax payable		17	37	9
Bank overdrafts		45	33	33
Current liabilities		1 137	1 634	1 248
Total equity and liabilities		5 712	5 744	5 796

Condensed consolidated statement of changes in equity

R'million	Share capital and share premium	FCTR and hedge reserves	Actuarial gains	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2010	552	(47)	347	1 975	32	2 859
Total comprehensive income	—	(4)	(43)	118	5	76
Dividends paid	—	—	—	(59)	(1)	(60)
Balance at 30 June 2010	552	(51)	304	2 034	36	2 875
Balance at 1 January 2009	552	(18)	328	1 879	39	2 780
Total comprehensive income	—	(35)	—	120	(1)	84
Dividends paid	—	—	—	(77)	(5)	(82)
Balance at 30 June 2009	552	(53)	328	1 922	33	2 782
Balance at 1 January 2009	552	(18)	328	1 879	39	2 780
Total comprehensive income	—	(29)	19	232	7	229
Dividends paid	—	—	—	(136)	(14)	(150)
Balance at 31 December 2009	552	(47)	347	1 975	32	2 859

Condensed consolidated statement of cash flows

R'million	30 June	30 June	31 December
	2010	2009	2009
		6 Months	12 Months
Operating profit	217	254	482
Adjustments for:			
Depreciation and amortisation	137	151	301
Other	11	(44)	28
Operating cash flow before working capital changes	365	361	811
Working capital adjustments	(155)	247	422
Cash generated from operations	210	608	1 233
Finance costs and tax paid	(88)	(140)	(288)
Other	—	—	(3)
Cash available from operating activities	122	468	942
Dividends paid	(59)	(77)	(136)
Net cash inflow from operating activities	63	391	806
Purchase of property, plant and equipment and intangibles	(93)	(115)	(307)
Other investing cash flows net	4	25	133
Net cash outflow from investing activities	(89)	(90)	(174)
Dividends to non-controlling interest	(1)	(5)	(14)
(Decrease)/increase in borrowings	(100)	—	100
Net cash (outflow)/inflow from financing activities	(101)	(5)	86
Net (decrease)/increase in cash and cash equivalents	(127)	296	718
Cash and cash equivalents at start of period	576	(142)	(142)
Cash and cash equivalent at end of period	449	154	576

Notes to the financial statements (continued)

- Basis of preparation (continued)**
The accounting policies are those presented in the annual financial statements for the year ended 31 December 2009 and have been applied consistently to the periods presented in these condensed consolidated interim financial statements and by all Group entities, except where the Group has adopted new or revised accounting standards and interpretations of these standards. The Group has changed the disclosure option per IAS 19.
 - Audit report**
These consolidated interim financial statements have not been reviewed or audited by the Group's auditors.
- | R'million | 30 June 2010 | 30 June 2009 | 31 December 2009 |
|--|--------------|--------------|------------------|
| | | 6 Months | 12 Months |
| 4. Capital expenditure | | | |
| Property, plant and equipment | | | |
| Opening carrying value | 2 729 | 2 817 | 2 817 |
| Additions | 93 | 115 | 293 |
| Disposals | (6) | (3) | (83) |
| Depreciation | (121) | (136) | (271) |
| Foreign exchange differences | (7) | (27) | (27) |
| Closing carrying value | 2 688 | 2 766 | 2 729 |
| 5. Earnings and headline earnings per share | | | |