UNAUDITED INTERIM FINANCIAL RESULTS

for the six months ended 30 June 2012

Revenue: R2.8 billion

Headline earnings per share: 55.1 cents

Performance summary

Revenue for the six months to 30 June 2012 was up 9% to R2.8 billion. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 7% to R446 million compared to the same period last year. EBITDA margin was 16%, down from 16.4% compared to the same period last year. Net profit was R187 million (2011: R58 million) and headline earnings per share were 55.1 cents (2011: 52.8 cents). Capital expenditure was R222 million (2011: R154 million) for the period. Net borrowings were R757 million (2011: R688 million). The Group's gearing was 17.9% compared to 17.4% for the same period last year.

Business Review

Effective cost management, improved plant reliability and a drive to continuously raise customer service levels have been the focus of the new management team during the six months to 30 June 2012.

Trading conditions during the period were mixed. A mild winter in South Africa led to reduced demand for liquefied petroleum gas (LPG), while demand for bulk gases remained flat. Sales of compressed gases continue to decline reflecting the reduction in activity in the manufacturing sector. An exception was the Healthcare atmospheric gases which performed well with an increase in volumes during this reporting period. The demand for hardgoods remains sluggish, but new product developments are expected to position the Group well for future growth.

In the key area of LPG, Afrox imported product to act as a buffer in case of winter shortages, a scenario that has dogged the industry for several years. The company also invested in nearly 200,000 new 9kg cylinders, most of which were prefilled to eliminate supply chain bottlenecks. The unexpected mild winter conditions, however, combined with high availability of LPG locally, dampened peak season consumer demand.

High winter electricity tariffs have resulted in output reduction from key large customers with a consequential reduction in demand for our gases.

Operations in African countries outside South Africa contributed 21% (2011: 26%) to the Group's half-year EBITDA, in an environment characterised by electricity shortages and distribution challenges. The outlook for sub-Saharan Africa remains positive and the region continues to be central to future growth.

EBITDA margin reduced from 16.4% to 16%, primarily due to the impact of high LPG prices and increased competitor activity across all markets. Plant reliability of 98% has been achieved in this reporting period. Independently monitored customer satisfaction levels, with Afrox and our National Customer Service Centre, stand at 94%.

Capital expenditure accelerated during the first half of the year, increasing to R222 million (2011: R154 million). The majority of this investment was on the new Pretoria plant, which is expected to be commissioned by the end of the financial year. In addition, the company has made significant investments in cylinders for both LPG and industrial gases and augmented its distribution fleet capacity to improve customer service levels. The result is a supply chain that is considerably more robust than in the past.

Working capital remains a key focus. Good progress has been made on the collection of long outstanding debt, an area of ongoing effort.

Although overall trading conditions are challenging, 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 3 Broad-Based Black Economic Empowerment rating continues to have a positive effect on gaining sales while solid progress is being made in respect of Afrox's BEE transformation programme and our drive for High Performance Organisation status.

Outlook

Economic conditions remain challenging, with low market growth expected, particularly in the key manufacturing, mining and steel production sectors of the South African economy. Future growth prospects in the rest of Africa, which have traditionally lagged South Africa, hold exciting new opportunities. Afrox is moving from a 'turnaround' phase to a sustained and aggressive growth phase in which market opportunities will be assessed and new projects undertaken where appropriate. The projected growth in 2013 and beyond will be driven by an anticipated R1.5 billion capital projects programme which is aimed at boosting capacity and improving customer service levels in KwaZulu-Natal, Gauteng and the Eastern Cape. Overall, our outlook for the remainder of the financial year remains optimistic albeit in a challenging business environment.

Dividend

It is the Group's policy to consider dividends twice annually. The Board of Directors have declared a gross interim cash dividend of 27.0 cents per share for the six months ended 30 June 2012 (2011: 22.0 cents). The dividend is covered 2.0 times by headline earnings per share.

Board of Directors

Frederick Kotzee resigned as Financial Director effective 31 March 2012, and was replaced by Nick Thomson, with effect from 2 April 2012. The Board thanks Mr Kotzee for his contribution and wishes him well with his future endeavours.

Mike Huggon, *Chairman* — Brett Kimber, *Managing Director* — 23 August 2012, Johannesburg

NOTICE OF INTERIM DIVIDEND DECLARATION NUMBER 172 AND SALIENT FEATURES

Notice is hereby given that a gross interim cash dividend of 27.0 cents per ordinary share, being the interim dividend for the six-month period ended 30 June 2012, has been declared payable to all shareholders of African Oxygen Limited recorded in the register on Friday, 12 October 2012.

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

Last day to trade ordinary shares "cum" dividend	Friday, 5 October 2012
Ordinary shares trade "ex" the dividend	Monday, 8 October 2012
Record date	Friday, 12 October 2012
Payment date	Monday, 15 October 2012

Share certificates may not be dematerialised or rematerialised between Monday, 8 October 2012 and Friday, 12 October 2012, both days inclusive.

The local net dividend amount is 22.95 cents per share for shareholders liable to pay the new dividend tax and 27.0 cents per share for shareholders exempt from the new Dividends Tax (2011: 22.0 cents).

In terms of the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:
- the dividend has been delcared out of income reserves;
- the local Dividends Tax rate is 15%;
- no Secondary Tax on Companies (STC) credits were utilised;
- Afrox currently has 308 567 602 ordinary shares in issue; and
- Afrox's income tax reference number is 9350042710.

By order of the Board

Carnita Low, *Company Secretary* — 23 August 2012, *Johannesburg*

Forward looking statements disclaimer: This interim results review contains statements related to our future business and financial performance and future events or developments involving Afrox that may constitute forward-looking statements. Such statements are based on current expectations and certain assumptions of Afrox's management are therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Afrox's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Afrox to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends.

Condensed consolidated statement of cash flows

R'million	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
Earnings before interest and tax (EBIT)	**292**	112	338
Adjustments for:			
Depreciation, amortisation and impairments	**154**	304	436
Other	**41**	14	19
Operating cash flow before working capital changes	**487**	430	793
Working capital adjustments	**(199)**	4	51
Cash generated from operations	**288**	434	844
Finance expenses and tax paid	**(81)**	(84)	(221)
Other	**–**	(29)	–
Cash available from operating activities	**207**	321	623
Dividends paid	**(71)**	(25)	(93)
Dividends to non-controlling interest	**(5)**	(4)	(10)
Net cash inflow from operating activities	**131**	292	520
Purchase of property, plant and equipment and intangibles	**(222)**	(154)	(416)
Other investing cash flows net	**51**	16	22
Net cash outflow from investing activities	**(171)**	(138)	(394)
Decrease in borrowings	**(20)**	(94)	(186)
Net cash outflow from financing activities	**(20)**	(94)	(186)
Net (decrease)/increase in cash and cash equivalents	**(60)**	60	(60)
Cash and cash equivalents at start of period	**232**	292	292
Cash and cash equivalent at end of period	**172**	352	232

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: One Capital

Sponsor in Namibia: Namibia Equity Brokers (Pty) Limited

Directors: B Kimber (Managing Director), NA Thomson*** (Financial Director), J Narayadoo (Director MPG Operations), MS Huggon*** (Chairman), M von Plotho**, DM Lawrence, M Malebye, Dr KDK Mokhele, LL van Niekerk, DM Woodrow*** **German ***British

Company Secretary: Carnita Low

Auditors: KPMG Inc.

Condensed consolidated income statement

R'million	Note	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
Revenue		**2 779**	2 539	5 246
Operating expense		**(2 333)**	(2 123)	(4 472)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**446**	416	774
Depreciation and amortisation		**(154)**	(152)	(283)
Impairments		**–**	(152)	(153)
Earnings before interest and tax (EBIT)		**292**	112	338
Net finance expense		**(24)**	(28)	(46)
Income from associate		**2**	–	3
Profit before taxation		**270**	84	295
Taxation		**(83)**	(26)	(100)
Profit for the period		**187**	58	195
Profit for the period attributable to:				
Equity holders of the Company		**181**	53	183
Non-controlling interest		**6**	5	12
		187	58	195
Basic and diluted earnings per share – cents	5	**58.7**	17.1	59.2
Headline earnings per share – cents	5	**55.1**	52.8	91.6

Condensed consolidated statement of comprehensive income

R'million	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
Profit for the period	**187**	58	195
Other comprehensive (loss)/income:	**(60)**	12	48
Translation differences for foreign operations	**(14)**	3	23
Translation differences relating to non-controlling interest	**(6)**	1	5
Changes in fair value of cash flow hedges (net of tax)	**2**	13	10
Actuarial (loss)/gain on defined-benefit funds	**(58)**	(7)	13
Deferred tax relating to actuarial loss/(gain)	**16**	2	(3)
Total comprehensive income for the period	**127**	70	243
Total comprehensive income attributable to:			
Equity holders of the Company	**127**	64	226
Non-controlling interest	**–**	6	17
	127	70	243

Statistics and ratios

	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
Average number 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)	**862**	798	823
Dividends per share (cents)	**27.0**	22.0	45.0
Final			23.0
Interim	**27.0**	22.0	22.0
Ratios			
EBITDA margin (%)	**16.0**	16.4	14.8
Interest cover on EBITDA (times)	**19.4**	14.9	16.8
Effective tax rate (%)	**30.7**	31.7	33.9
Gearing (%)	**17.9**	17.4	17.4
Dividend cover on headline earnings (times)	**2.0**	2.4	2.0

Condensed consolidated statement of changes in equity

R'million	Share capital and share premium	FCTR and hedging reserve	Share based payment reserve	Actuarial gains	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2012	**552**	**(53)**	**–**	**287**	**2 041**	**38**	**2 865**
Employee share based payment	**–**	**–**	**23**	**–**	**–**	**–**	**23**
Other comprehensive loss	**–**	**(12)**	**–**	**(42)**	**–**	**(6)**	**(60)**
Profit for the period	**–**	**–**	**–**	**–**	**181**	**6**	**187**
Dividends paid	**–**	**–**	**–**	**–**	**(71)**	**(2)**	**(73)**
Balance at 30 June 2012	**552**	**(65)**	**23**	**245**	**2 151**	**36**	**2 942**
Balance at 1 January 2011	552	(86)	–	277	1 952	32	2 727
Other comprehensive income/(loss)	–	16	–	(5)	–	1	12
Profit for the period	–	–	–	–	53	5	58
Change in subsidiary shareholding	–	–	–	–	(1)	(1)	(2)
Dividends paid	–	–	–	–	(25)	(3)	(28)
Balance at 30 June 2011	552	(70)	–	272	1 979	34	2 767
Balance at 1 January 2011	552	(86)	–	277	1 952	32	2 727
Other comprehensive income	–	33	–	10	–	5	48
Profit for the period	–	–	–	–	183	12	195
Change in subsidiary shareholding	–	–	–	–	(1)	(1)	(2)
Dividends paid	–	–	–	–	(93)	(10)	(103)
Balance at 31 December 2011	552	(53)	–	287	2 041	38	2 865

Business segments

R'million	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
Revenue	**2 779**	2 539	5 246
Atmospheric gases	**914**	833	1 696
LPG	**1 034**	919	1 913
Hardgoods	**418**	396	822
Rest of Africa	**413**	391	815
Gross profit after distribution (GPADE)	**819**	748	1 481
Atmospheric gases	**315**	249	513
LPG	**197**	191	378
Hardgoods	**126**	123	242
Rest of Africa	**181**	185	348
Reconciliation of GPADE to EBIT			
GPADE for business segments	**819**	748	1 481
Other operating expenses	**(527)**	(484)	(990)
Impairments	**–**	(152)	(153)
Earnings before interest and taxation (EBIT)	**292**	112	338

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Condensed consolidated statement of financial position

R'million	Note	30 June 2012 Unaudited	30 June 2011 Unaudited	31 December 2011 Audited
ASSETS				
Property, plant and equipment	4	**2 712**	2 502	2 657
Other non-current assets		**709**	868	880
Non-current assets		**3 421**	3 370	3 537
Inventories		**685**	684	678
Trade and other receivables		**1 005**	840	846
Taxation receivable		**22**	18	50
Cash and cash equivalents		**189**	368	243
Current assets		**1 901**	1 910	1 817
Assets held-for-sale	6	**112**	–	–
Total assets		**5 434**	5 280	5 354
EQUITY AND LIABILITIES				
Shareholders' equity		**2 906**	2 733	2 827
Non-controlling interest		**36**	34	38
Total equity		**2 942**	2 767	2 865
Long-term borrowings		**365**	877	446
Deferred tax liability		**519**	506	524
Non-current liabilities		**884**	1 383	970
Short-term portion of long-term borrowings		**564**	163	502
Trade, other payables and provisions		**994**	924	981
Taxation payable		**28**	27	25
Bank overdrafts		**17**	16	11
Current liabilities		**1 603**	1 130	1 519
Liabilities held-for-sale	6	**5**	–	–
Total equity and liabilities		**5 434**	5 280	5 354

Notes to the financial statements

African Oxygen Limited ("Afrox" or the "Company") is a South African registered company. The interim condensed consolidated 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.

1 Statement of compliance

These interim condensed consolidated 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 IAS34 Interim Financial Reporting and the Listing Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

2 Basis of preparation

The financial statements are prepared in millions of South African Rands (R'million) on a historical cost basis, except derivative financial instruments which have been measured at fair value. 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 2011. The accounting policies are those presented in the annual financial statements for the year ended 31 December 2011 and have been applied consistently to the periods presented in these interim condensed consolidated financial statements and by all Group entities.

These interim financial results have been prepared under the supervision of the Financial Director, Nick Thomson (CA) SA.

3 Audit report

These consolidated interim financial statements have not been reviewed or audited by the Group's auditors.

R'million	30 June 2012 6 Months Unaudited	30 June 2011 6 Months Unaudited	31 December 2011 12 Months Audited
4 Property, plant and equipment			
Opening carrying value	**2 657**	2 637	2 637
Additions	**222**	154	416
Impairments	**–**	(152)	(152)
Disposals	**(10)**	(3)	(3)
Depreciation	**(138)**	(137)	(253)
Translation differences	**(8)**	3	12
Non-current assets held-for-sale	**(11)**	–	–
Closing carrying value	**2 712**	2 502	2 657

5 Earnings and headline earnings per share

Earnings per share are calculated on earnings of R181 million (2011: R53 million).

Headline earnings per share are calculated on headline earnings of R170 million (2011: R163 million).

All of the above are based on a weighted average number of ordinary shares of 308 567 602 (2011: 308 567 602) in issue during the period.

Reconciliation between earnings and headline earnings

Profit for the period	**181**	53	183
Adjusted for the after-tax effect of:			
Loss/(profit) on disposal of property, plant and equipment	**–**	1	(10)
Profit on disposal of subsidiary	**(11)**	–	–
Impairments	**–**	109	110
Headline earnings	**170**	163	283
Basic and diluted earnings per share – cents	**58.7**	17.1	59.2
Headline earnings per share – cents	**55.1**	52.8	91.6

6 Assets and liabilities held-for-sale

A decision to dispose of one of the Group's divisions was taken in May 2012, as the nature of the division's operations is not aligned to the Group's principal lines of business. A transaction is expected to be completed by the end of the Financial year, 31 December 2012. The assets and liabilities of the division have been accounted for as a disposal group, rather than a discontinued operation, as the division does not represent a major line of business. As at 30 June 2012, the major classes of assets of R112 million less liabilities of R5 million are detailed below:

Property, plant and equipment	**11**
Intangible assets	**4**
Inventories	**70**
Trade and other receivables	**27**
Trade and other payables	**(3)**
Taxation payable	**(2)**
Total net assets held-for-sale	**107**

7 Employee share based payment scheme

The Group has changed its share appreciation rights scheme from being cash settled to being equity settled with effect from 1 January 2012. The change did not have a significant impact on the Group's interim financial results and has been disclosed in the statement of changes in equity within *share based payment reserve*.

8 Update on key litigation matters

In the 2011 annual financial statements we referred to ongoing litigation with a major customer who had claimed R207 million as a consequence of supply disruptions experienced by the Company. This matter continues and there has been no significant change in the status of the matter.

During the period under review, one of our large customers, who has a take or pay agreement with a Group company, has disputed the legal status of the contract and is currently withholding payments due in terms of the take or pay provisions in the contract. At the reporting date, the outstanding debt was approximately R24 million. Afrox is confident that the agreement is legally binding and is taking the appropriate steps to safeguard the Group's interests.

The company has received notice from the Competition Tribunal of South Africa that a complaint has been referred to it by the Competition Commission of South Africa regarding an alleged contravention of the Competition Act.

9 Subsequent events

The Directors are not aware of any material matter or circumstance arising since the end of the period and up to the date of this report, not otherwise dealt with in this report. The Group declared a gross interim cash dividend of 27.0 cents per share on 23 August 2012.

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