Unaudited interim financial results and renewal of cautionary

for the six months ended 30 June 2011

Revenue: R2,5 billion **Headline earnings per share: 52,8 cents**

Performance summary

Revenue for the six months to 30 June 2011 was R2,5 billion, an increase of 10% with R416 million in earnings before interest, tax, depreciation and amortisation (EBITDA) up 18% compared to the same period last year. EBITDA margin improved to 16,4%. Net profit was R58 million (2010: R125 million) and headline earnings per share were 52,8 cents (2010: 38,8 cents). Capital expenditure was R154 million (2010: R93 million) for the period. Net borrowings were R688 million (2010: R941 million). The Group's gearing was 17,4% compared to 21,5% for the same period last year.

Business Review

Effective cost management, improved plant reliability and changes to the manufacturing strategy drove an improved performance which saw headline earnings for the period increase by 37%. These results include a once-off pre-tax benefit fund gain of R30 million (7 cents impact per share resulting in adjusted headline earnings of 45,9 cents).

The Group has been advised that it has been unsuccessful in the renewal of the Evraz Highveld Steel supply agreement, thus and, the decision was taken to impair the R152 million assets associated with the Witbank plant. The existing supply contract has a two year notice period.

Trading conditions were mixed. Good volume growth was experienced in the liquefied petroleum gas (LPG) business, mostly driven by the automotive industry, whilst demand for bulk industrial product did not meet expectations. Sales of compressed gases grew satisfactorily.

The decision to introduce a new manufacturing strategy has led to a significant steady increase in the margin on hardgoods. The demand for hardgoods is improving and this will position the Group well for future growth.

Operations in African countries outside South Africa contributed 26% (2010: 29%) to the Group's half-year EBITDA in what was a challenging market characterised by static demand from many markets on the continent. The outlook for sub-Saharan Africa remains positive and the region continues to be focus for future growth.

Capital expenditure accelerated during the first half of the year, growing to R154 million (2010: R93 million). The majority of this investment was focused on the new Pretoria plant to be commissioned towards the end of 2012, which is expected to cost approximately R200 million. Working capital remains a focus and has continued to improve.

The Group emphasis on cash management resulted in several achievements. Good progress has been made with the collection of long outstanding state debt, an area that will continue to get focus. Inventory management has improved significantly with the implementation of a new planning system.

Although overall trading conditions remain challenging for the industry as a whole, the fundamental position of Afrox as a leading supplier of atmospheric gases, hardgoods and LPG remains unchanged. The organisational drive to achieve desired High Performance Organisation (HPO) status is continuing and has already resulted in significant benefits for the company.

Dividend

It is the Group's policy to consider dividends twice annually. The board of directors have declared an interim cash dividend of 22,0 cents per share for the six months ended June 2011 (2010: 19,0 cents). The dividend is covered 2 times by earnings per share adjusted for benefit fund gains.

Board of Directors

Mike Huggon was appointed as a Non-Executive Director of Afrox from 11 April 2011 and as Chairman of the Afrox Board from 20 May 2011. Matthias von Plotho was appointed as a Non-Executive Director from 20 May 2011.

Kent Masters resigned as a Non-Executive Director and Chairman of the Afrox Board from 20 May 2011, and Karen Oliver resigned as Non-Executive Director from 31 March 2011.

Resignation of Managing Director, Mr TN Kruger

During the reporting period, Tjaart Kruger, Managing Director, tendered his resignation to the Board. During his five years with the company he made a major contribution to Afrox. The Board thanks him for his contribution and wishes him well with his future endeavours.

Outlook

Market conditions, compared to the corresponding 2010 period, remain challenging for the remainder of the year, with only minimal growth in the South African economy expected. Growth in Africa, which traditionally lags that of South Africa, is expected to be muted.

We are optimistic that the continued focus on current business strategies, backed by continued cost management, will contribute to an improved performance during the second six months of 2011, compared to the same period of last year.

Mike Huggon
Chairman

Tjaart Kruger
Managing Director

19 July 2011
Johannesburg

NOTICE OF INTERIM DIVIDEND DECLARATION NUMBER 170 AND SALIENT FEATURES

Notice is hereby given that an interim cash dividend of 22,0 cents per ordinary share, being the interim dividend for the six-month period ended 30 June 2011, has been declared payable to all shareholders of African Oxygen Limited recorded in the register on Friday, 21 October 2011.

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

Last day to trade ordinary shares "cum" dividend	Friday, 14 October 2011
Ordinary shares trade "ex" the dividend	Monday, 17 October 2011
Record date	Friday, 21 October 2011
Payment date	Monday, 24 October 2011

Share certificates may not be dematerialised or rematerialised between Monday, 17 October 2011 and Friday, 21 October 2011, both days inclusive.

By order of the Board

Carnita Low
Company Secretary

19 July 2011
Johannesburg

Condensed consolidated statement of cash flows

R'million	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
Earnings before interest and tax (EBIT)	**112**	217	219
Adjustments for:			
Depreciation, amortisation and impairments	**304**	137	356
Other	**14**	11	67
Operating cash flow before working capital changes	**430**	365	642
Working capital adjustments	**4**	(155)	(36)
Cash generated from operations	**434**	210	606
Finance expenses and tax paid	**(84)**	(88)	(197)
Other	**(29)**	–	(3)
Cash available from operating activities	**321**	122	406
Dividends paid	**(25)**	(59)	(117)
Dividends to non-controlling interest	**(4)**	(1)	(4)
Net cash inflow from operating activities	**292**	62	285
Purchase of property, plant and equipment and intangibles	**(154)**	(93)	(294)
Other investing cash flows net	**16**	4	81
Net cash outflow from investing activities	**(138)**	(89)	(213)
Decrease in borrowings	**(94)**	(100)	(356)
Net cash outflow from financing activities	**(94)**	(100)	(356)
Net increase/(decrease) in cash and cash equivalents	**60**	(127)	(284)
Cash and cash equivalents at start of period	**292**	576	576
Cash and cash equivalents at end of period	**352**	449	292

Condensed consolidated income statement

R'million	Note	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
Revenue		**2 539**	2 312	4 721
Operating expense		**(2 123)**	(1 958)	(4 115)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**416**	354	606
Depreciation and amortisation		**(152)**	(137)	(283)
Impairments		**(152)**	–	(104)
Earnings before interest and tax (EBIT)		**112**	217	219
Net finance expense		**(28)**	(31)	(63)
Income from associate		**–**	3	6
Profit before taxation		**84**	189	162
Taxation		**(26)**	(64)	(56)
Profit for the period		**58**	**125**	**106**
Profit for the period attributable to:				
Equity holders of the Company		**53**	118	94
Non-controlling interest		**5**	7	12
		58	125	106
Basic and diluted earnings per share – cents	5	**17,1**	38,3	30,5
Headline earnings per share – cents	5	**52,8**	38,8	55,5

Condensed consolidated statement of comprehensive income

R'million	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
Profit for the period	**58**	**125**	**106**
Other comprehensive income/(loss)	**12**	(49)	(117)
Translation differences for foreign operations	**3**	(5)	(27)
Translation differences relating to non-controlling interest	**1**	(1)	(8)
Changes in fair value of cash flow hedges (net of tax)	**13**	–	(12)
Actuarial losses on defined-benefit funds	**(7)**	(60)	(97)
Deferred tax relating to actuarial losses	**2**	17	27
Total comprehensive income/(loss) for the period	**70**	**76**	**(11)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	**64**	71	(15)
Non-controlling interest	**6**	5	4
	70	76	(11)

Statistics and ratios

	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
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)	**798**	822	784
Dividends per share (cents)	**22,0**	19,0	27,0
Final			8,0
Interim	**22,0**	19,0	19,0
Ratios			
EBITDA margin (%)	**16,4**	15,3	12,8
Interest cover on EBITDA (times)	**14,9**	11,4	9,6
Effective tax rate (%)	**31,7**	33,8	34,6
Gearing (%)	**17,4**	21,5	20,6
Dividend cover – (times)	**0,8**	2,0	1,1

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 2011	**552**	**(86)**	**277**	**1 952**	**32**	**2 727**
Other comprehensive income	**–**	**16**	**(5)**	**–**	**1**	**12**
Profit for the period	**–**	**–**	**–**	**53**	**5**	**58**
Acquisition of additional interest in subsidiary	**–**	**–**	**–**	**(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 2010	552	(47)	347	1 975	32	2 859
Other comprehensive income	–	(4)	(43)	–	(2)	(49)
Profit for the period	–	–	–	118	7	125
Dividends paid	–	–	–	(59)	(1)	(60)
Balance at 30 June 2010	**552**	**(51)**	**304**	**2 034**	**36**	**2 875**
Balance at 1 January 2010	552	(47)	347	1 975	32	2 859
Other comprehensive income	–	(39)	(70)	–	(8)	(117)
Profit for the period	–	–	–	94	12	106
Dividends paid	–	–	–	(117)	(4)	(121)
Balance at 31 December 2010	**552**	**(86)**	**277**	**1 952**	**32**	**2 727**

Business segments

R'million	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
Revenue	**2 539**	2 312	4 721
Atmospheric gases	**833**	781	1 593
LPG	**919**	811	1 645
Hardgoods	**396**	369	752
Rest of Africa	**391**	351	731
Gross profit after distribution (GPADE)	**563**	542	1 012
Atmospheric gases	**249**	257	436
LPG	**191**	184	364
Hardgoods	**123**	101	212
Reconciliation of GPADE to EBIT			
GPADE for business segments	**563**	542	1 012
Other operating expenses	**(399)**	(422)	(882)
Impairments	**(152)**	–	(104)
EBIT Rest of Africa	**100**	97	193
Earnings before interest and taxation (EBIT)	**112**	217	219

Condensed consolidated statement of financial position

R'million	Note	30 June 2011 Unaudited	30 June 2010 Unaudited	31 December 2010 Audited
ASSETS				
Property, plant and equipment	4	**2 502**	2 688	2 637
Other non-current assets		**868**	974	859
Non-current assets		**3 370**	3 662	3 496
Inventories		**684**	654	663
Trade and other receivables		**840**	902	800
Cash and short-term deposits		**368**	494	327
Current assets		**1 892**	2 050	1 790
Total assets		**5 262**	**5 712**	**5 286**
EQUITY AND LIABILITIES				
Shareholders' equity		**2 733**	2 839	2 695
Non-controlling interest		**34**	36	32
Total equity		**2 767**	2 875	2 727
Long-term borrowings		**877**	1 127	871
Deferred taxation		**506**	573	514
Non-current liabilities		**1 383**	1 700	1 385
Short-term portion of long-term borrowings		**163**	263	263
Trade, other payables and provisions		**924**	812	848
Taxation payable		**9**	17	28
Bank overdrafts		**16**	45	35
Current liabilities		**1 112**	1 137	1 174
Total equity and liabilities		**5 262**	**5 712**	**5 286**

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*, the AC 500 standards as issued by the Accounting Practices Board and the Listing Requirements of the JSE Limited and the Companies Act of South Africa, as amended.

2 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 2010.

The accounting policies are those presented in the annual financial statements for the year ended 31 December 2010 and have been applied consistently to the periods presented in these interim condensed consolidated financial statements and by all Group entities.

3 Audit report

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

4 Capital expenditure

R'million	30 June 2011 6 Months Unaudited	30 June 2010 6 Months Unaudited	31 December 2010 12 Months Audited
Property, plant and equipment			
Opening carrying value	**2 637**	2 729	2 729
Additions	**154**	93	294
Impairments	**(152)**	–	(96)
Disposals	**(3)**	(6)	(14)
Depreciation	**(137)**	(121)	(252)
Translation differences	**3**	(7)	(24)
Closing carrying value	**2 502**	2 688	2 637

5 Earnings and headline earnings per share

- Earnings per share is calculated on earnings of R53 million (2010: R118 million).
- Headline earnings per share is calculated on headline earnings of R163 million (2010: R119 million).

All of the above are based on a weighted average number of ordinary shares of 308 567 602 (2010: 308 567 602) in issue during the period.

Reconciliation between earnings and headline earnings

Profit for the period	**53**	118	94
Loss on disposal of property, plant and equipment	**1**	1	2
Impairments (net of tax)	**109**	–	75
Headline earnings	**163**	119	171

6 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 an interim cash dividend of 22,0 cents per share on 19 July 2011. There is a possible R25 to R30 million pre-tax gain on the disposal of small assets in a neighbouring county.

Claims of approximately R400 million still remain against the Group. These claims refer to supply disruptions, predominantly as a result of power outages and equipment failure. The Group continue obtaining legal advice and the Board of Directors is of the opinion that various robust defenses exist in respect of the two claims and material success in either of these matters by the claimants is improbable. Accordingly, no provision for any liability has been made in these financial statements.

Circumstances may arise in future that could potentially result in an existing supply contract becoming onerous during the next few years. Discussions are being held to mitigate this risk and the impact is uncertain at this time.

7 Renewal of cautionary

Further to the cautionary announcement published on SENS on 1 July 2011, Afrox shareholders are advised that the circumstances relating to the Company are still being determined, which may have a material effect on the price of the Company's securities.

Accordingly, Afrox shareholders are advised to continue exercising caution when dealing in the Company's securities until a full announcement is made in this regard.

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

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Transfer secretaries
Computershare Investor Services (Pty) Limited

Sponsor in South Africa
One Capital

Sponsor in Namibia
Namibia Equity Brokers (Pty) Limited

Directors
TN Kruger (Managing Director), FT Kotzee (Financial Director), J Narayadoo (Director MPG Operations), MS Huggon*** (Chairman), M von Plotho**, DM Lawrence, M Malebye, Dr KDK Mokhele, SM Pityana, LL van Niekerk, DM Woodrow***

***German ***British*

Company Secretary
Carnita Low

Auditors
KPMG Inc.

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