

23 February 2009



**International Ferro Metals Limited
("IFL" or the "Company")**

Interim Financial Results for the half year to 31 December 2008

International Ferro Metals Limited (LSE: IFL), the integrated ferrochrome producer, presents its interim results for the half year ended 31 December 2008.

Highlights

- Lower sales volumes and lower ferrochrome pricing resulted in
 - Revenue of ZAR526m for the December 2008 half, up 43% on the December 2007 half, but down 66% on the June 2008 half
 - Gross profit of ZAR69m for the December 2008 half, up 288% on the December 2007 half, and down 90% on the June 2008 half
 - Loss before tax of ZAR27m in the December 2008 half, slightly greater than the loss in the December 2007 half of ZAR24m but reversed from the June 2008 half profit
- Achieved power-reduction adjusted nameplate production of an average of 20,339 tonnes per month in August and September 2008
- Both furnaces switched off on 25 November 2008, all major capital projects deferred, excluding maintenance and upgrade spend and co-generation project
- Rapid deterioration in the conventional industry-wide ferrochrome pricing mechanism led to material sales adjustments and write-down of inventories
- Finished stock inventory of 42,523 tonnes as at 31 December 2008
- No interim dividend to be paid

Post period highlights

- Management has successfully taken action to reduce ongoing fixed costs
- Furnace maintenance and upgrade programme on track to complete by 31 March 2009
- Furnaces expected to be available to restart production, depending on market conditions, from 1 April 2009. Full ramp-up possible within 4 weeks
- Inventory level as at 31 January 2009 was 33,338 tonnes
- Market conditions appear to have begun to stabilise with ferrochrome inventories declining and spot prices stabilising, although large chrome ore stockpiles are a concern
- Price negotiations on outstanding shipments finalised
- Outstanding receivable expected to be collected by mid-March 2009

	Six months to 31 December 2008 (ZAR'000)	Six months to 31 December 2007 (ZAR'000)	Six months to 30 June 2008 (ZAR'000)	% Change between six months to 31 Dec 2008 & six months to 30 June 2008
Sales revenue	526,057	367,525	1,551,871	(66%)
Cost of goods sold	(456,560)	(349,595)	(841,331)	(46%)
Gross profit	69,497	17,930	710,540	(90%)
Net (loss) / profit before tax	(26,809)	(23,858)	654,217	(104%)
Net profit / (loss) after tax	3,251	(23,858)	602,040	(99%)
Profit / (loss) per share (ZAR cents)	0.81	(4.54)		
Production volumes (tonnes)	90,759	93,317	112,290	(19%)
Sales volumes (tonnes)	49,435	61,866	145,996	(66%)

David Kovarsky, Chief Executive Officer of IFL commented:

"The period under review has been overshadowed by extraordinary global events to which IFL has responded quickly and prudently. The Company has cut production, is controlling costs and conserving cash, but at the same time ensuring the operations are in good shape for the return of demand for ferrochrome. We have a world class facility with highly skilled operators and management team, and are confident we will get through the current economic crisis and resume our growth trajectory."

There will be a presentation to analysts of the interim results on Monday 23 February 2009 at 8.30am (UK time) at 16 Lincoln's Inn Fields, London WC2A 3ED. A recording of the presentation will be available on the website.

For further information please visit www.ifml.com or contact:

International Ferro Metals Limited

David Kovarsky, Chief Executive Officer
Mob: +27 82 650 1192

Brunswick Group

Patrick Handley / Carole Cable
Tel: +44 (0) 20 7404 5959

Numis Securities Limited

John Harrison / Stuart Skinner
Tel: +44 (0) 20 7260 1000

About International Ferro Metals:

International Ferro Metals produces ferrochrome, the essential ingredient in stainless steel, from its integrated chromite mine and ferrochrome processing operations in South Africa. International Ferro Metals is listed on the London Stock Exchange under the symbol IFL.

Forward Looking Statements

This announcement contains certain forward looking statements which by their nature, contain risk and uncertainty because they relate to future events and depend on circumstances that occur in the future. There are a number of factors that could

cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

Operational and Financial Review

The Group reported a loss before tax of ZAR26.8 million for the six month period ended 31 December 2008, compared to loss before tax of ZAR23.9 million for the prior year comparable period and profit before tax of ZAR654 million for the six months ended 30 June 2008. The significant decline in profit compared to the June 2008 half is attributable to the unprecedented sharp reduction in global ferrochrome demand and the resulting low prices experienced over the last quarter of calendar 2008 triggered by the global financial crisis.

After achieving record production during the first quarter of financial year 2009, the Company responded swiftly to deteriorating market conditions by powering down its furnaces in November 2008 and focusing on selling its inventory. The conventional industry-wide ferrochrome pricing mechanism subsequently collapsed, resulting in retrospective downward price revisions of sales contracts. The Company therefore incurred significant price reductions and writedowns of inventories over the December half. Price negotiations on all outstanding shipments have now been finalised. All outstanding receivables are expected to be collected by mid-March 2009.

As a result of sales volumes decreasing from 145,996 tonnes in the June half 2008 to 49,435 tonnes in the December half 2008 combined with significantly lower ferrochrome prices, revenue decreased by ZAR1 billion, from ZAR1.55 billion in June half 2008 to ZAR526 million in December half 2008. Consequently gross profit decreased from ZAR711 million in June half 2008 to ZAR69 million in the December half 2008.

Administration and other expenses increased from ZAR125 million in the June half 2008 to ZAR196 million in the December half 2008, primarily due to the write down of inventories and the non-absorption of fixed production costs during the period.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased from ZAR712 million in the June half 2008 to a loss of ZAR2 million in the December half 2008. Net interest expense decreased by ZAR39 million between December half 2008 and June half 2008, due to reduced debt levels. The Group recognised deferred tax of ZAR31 million during the reporting period.

Profit after tax increased from a loss of ZAR24 million in the December half 2007 to a profit of ZAR3 million in the December half 2008, which translated into an increase in headline earnings per share from a loss of 4.54 cents per share (0.32p) to a profit of 0.81 cent per share (0.05p).

There has been net cash flow utilised in operating activities of ZAR321 million over the reporting report, arising from an increase in working capital of ZAR268 million, including an increase in inventories, after writedowns, of ZAR397 million. Other significant cash flow expenditures during the December half 2008 were investment in property, plant and equipment of ZAR104 million, dividend payments of ZAR76 million and the purchase of 3.9 million IFL shares amounting to ZAR20 million. The net cash balance, after short term borrowings and including restricted cash, amounts to ZAR526 million at 31 December 2008.

Capital Commitments

The Company resolved to defer all major capital expenditure. Only capital expenditure relating to the maintenance and upgrade of the plant and the co-generation project is ongoing. The Company is using the plant shutdown period to undertake maintenance of the plant and upgrade certain elements aimed at enhancing operational performance once production is resumed. The capacity improvements include the expansion of the feed bins to provide greater input flexibility, a redesign of the feed chutes to reduce

maintenance and a modification to the pressure rings to allow greater energy input into the furnaces. The maintenance and upgrade programme is on track for completion by 31 March 2009. The furnaces are expected to be available for production from 1 April 2009, subject to market conditions.

Ferrochrome Market Review

The fall in the quoted ferrochrome price from US\$1.92 per pound in the June quarter of 2008 to US\$0.79 per pound in the March quarter of 2009 reflects the impact of the world slowdown in economic activity, and low volumes are still being recorded at this price. There is a continuing reduction in stainless steel and ferrochrome inventories that has been accelerated to approximately 72% of world ferrochrome production being suspended as at 31 January 2009 (CRU February 2009) There are some signs, particularly in China, that ferrochrome inventories are diminishing with most stainless steel producers generally having relatively low ferrochrome stocks and spot prices appear to have stabilised. There is, however, a large stockpile of chrome ore in China that will be converted to ferrochrome but at this time it appears that these stocks will be sold only when prices increase.

The dramatic reduction in global ferrochrome supply leads industry commentators to estimate that industry stocks should reduce from 22 weeks to 8 weeks of consumption by calendar year end. (CRU February 2009)

Cost control

Management have successfully reduced fixed costs by terminating engagements with contractors and contract staff and reducing maintenance expenditure and internal transport.

The Board has now resolved to decrease the number of phantom options granted to directors and staff on 30 December 2008 from 17.1 million to 10.1 million, and suspended its staff bonus plan for financial year 2009. The revised options granted to directors and staff are as follows:

Name of Director	Number of phantom options granted on 30 December 2008	Revised number of phantom options
Tony Grey (Non-Executive Chairman)	3,100,000	1,550,000
Stephen Turner (Non-Executive Deputy Chairman)	3,100,000	1,550,000
David Kovarsky (Chief Executive Officer)	1,700,000	1,000,000
Xiaoping Yang (Executive Director)	1,600,000	446,250
All other employees	7,583,000	5,566,318
Total	17,083,000	10,112,568

Management is enforcing the ongoing review of fixed costs, the implementation of increased controls over expenditure and assessments of salary and wage reductions.

Dividends

The Board of Directors resolved not to declare an interim dividend for the six months ended 31 December 2008. The Board will review the dividend policy later in the financial year based on the global ferrochrome market and on the date on which IFL's production restarts.

Outlook

The sharp contraction of ferrochrome production indicates that ferrochrome inventories could normalize towards the end of calendar 2009. The Company's capital programme and strong current cash position (strengthened by the expected cash receipt of all outstanding receivables by mid-March 2009) means IFL will be in a strong position to resume efficient production and capture market share once demand returns.

The abridged interim financial statements follow, the full set for the period is available on the Company web site www.ifml.com

Abridged Financial Statements

Consolidated Income Statement For the half year ended 31 December 2008

	CONSOLIDATED	
	31 Dec 2008	31 Dec 2007
	ZAR'000	ZAR'000
Sales revenue	526,057	367,525
Cost of goods sold	(456,560)	(349,595)
Gross profit	69,497	17,930
Other income / expenses		
Administrative and other expenses	(196,343)	(46,899)
Share-based payment plans	43,924	(2,510)
Foreign exchange gains	49,543	10,751
Gains on mark-to-market of derivatives	-	6,615
Net loss before interest and tax	(33,379)	(14,113)
Finance income	27,215	30,334
Finance costs	(20,645)	(40,079)
Net loss before tax	(26,809)	(23,858)
Deferred tax	31,698	-
Current tax expense	(1,638)	-
Net profit/(loss) after tax for the period	3,251	(23,858)
Attributable to:		
Minority interest	(864)	(1,117)
Members of the parent	4,115	(22,741)
	3,251	(23,858)
Earnings per share (cents per share)		
- basic earning/(loss) per share	0.81	(4.54)
- diluted earning/(loss) per share	0.81	(4.54)

Consolidated Balance Sheet
At 31 December 2008

	CONSOLIDATED	
	31 Dec 2008 ZAR'000	30 June 2008 ZAR'000
Current assets		
Cash and cash equivalents	703,823	972,190
Trade and other receivables	174,602	462,919
Prepayments	12,783	13,382
Inventories	506,736	109,752
Total current assets	1,397,944	1,558,243
Non-current assets		
Property, plant & equipment	1,736,467	1,672,281
Other financial assets	3,250	1,750
Other non-current assets	23,965	23,875
Total non-current assets	1,763,682	1,697,906
Total assets	3,161,626	3,256,149
Current liabilities		
Trade and other payables	128,858	204,009
Provisions	15,137	100,852
Interest-bearing loans and borrowings	209,808	9,140
Total current liabilities	353,803	314,001
Non-current liabilities		
Deferred tax liability	18,905	50,602
Provisions	22,592	27,184
Interest-bearing loans and borrowings	85,954	92,716
Total non-current liabilities	127,451	170,502
Total liabilities	481,254	484,503
Net assets	2,680,372	2,771,646
Shareholders' equity		
Contributed equity	2,814,380	2,834,412
Share-based payment reserve	8,272	6,617
Accumulated losses	(150,069)	(78,036)
Parent entity interests	2,672,583	2,762,993
Minority interests	7,789	8,653
Total shareholders' equity	2,680,372	2,771,646

Consolidated Cash Flow Statement
For the half year ended 31 December 2008

	CONSOLIDATED	
	31 Dec 2008 ZAR'000	31 Dec 2007 ZAR'000
Cash flows from operating activities		
Receipts from customers	805,706	297,205
Payments and advances to suppliers and employees (inclusive of goods and services tax)	(1,109,570)	(479,241)
Phantom options exercised and paid	-	(14,434)
Interest paid	(17,534)	(39,764)
Net cash flows utilized in operating activities	(321,398)	(236,234)
Cash flows from investing activities		
Payments for property, plant & equipment	(103,785)	(33,538)
Interest received	27,215	30,334
Net cash flows utilized in investing activities	(76,570)	(3,204)
Cash flows from financing activities		
Proceeds from issues of shares	-	1,196,207
Proceeds from issue of options	-	17,366
Proceeds from borrowings	200,000	50,800
Receipts from release of restricted cash	-	139,861
Repayment of borrowings	(6,094)	(826,076)
Payment of share issue costs	-	(51,679)
Payment of share buyback	(20,032)	-
Equity dividends paid	(76,148)	-
Net cash flows from financing activities	97,726	526,479
Net (decrease)/increase in cash held	(300,242)	287,041
Cash at the beginning of the financial period	972,190	43,929
Effects of exchange rate changes on cash	31,875	10,751
Cash and cash equivalents at the end of the period	703,823	341,721