

METAIR INVESTMENTS LIMITED

(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)

("Metair" or "the group")

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009



Reg No. 1948/031013/06

Share code: MTA ISIN code: ZAE 000090692

ABRIDGED GROUP INCOME STATEMENTS

	31 December 2009 R'000	31 December 2008 R'000
Revenue	3 342 053	4 180 398
Cost of sales	(2 807 100)	(3 496 203)
Gross profit	534 953	684 195
Other operating income	109 711	45 139
Impairment of assets	(47 082)	(122 590)
Distribution, administrative and other expenses	(455 665)	(512 405)
Operating profit	141 917	94 339
Interest income	13 243	14 767
Interest expense	(37 360)	(51 385)
Share of results of associates	419	17 056
Profit before tax	118 219	74 777
Taxation	(55 023)	(71 859)
Profit for the year	63 196	2 918
Attributable to:		
Equity holders of the company	52 210	(13 080)
Minority interest	10 986	15 998
	63 196	2 918
Depreciation and amortisation	(108 468)	(109 557)
Basic earnings/(loss) per share (cents)	37	(9)
Headline earnings per share (cents)	67	74
Dividend per share (cents) in respect of 2007		40
Number of shares in issue ('000)	152 532	152 532

Calculation of headline (loss)/earnings per share (R'000)

Net profit/(loss) attributable to ordinary shareholders	52 210	(13 080)
Impairment charges	47 082	122 590
Tax effect	(5 620)	(2 051)
Impairment charge attributable to minority shareholders	(3 628)	
Loss/(profit) on disposal of property, plant & equipment	5 342	(2 329)
Headline earnings	95 386	105 130
Weighted average number of shares in issue ('000)	142 352	141 707

Diluted earnings per share

No diluted earnings per share is reflected for 2008 and 2009. Share options in terms of the Metair Share Trust are anti-dilutive.

ABRIDGED GROUP STATEMENTS OF CASH FLOWS

	31 December 2009 R'000	31 December 2008 R'000
Operating activities		
Profit before tax	118 219	74 777
Non-cash items	149 394	251 762
Working capital changes	145 642	42 267
Cash generated from operations	413 255	368 806
Finance charges	(37 360)	(51 385)
Taxation paid	(70 663)	(96 970)
Dividends paid	(8 441)	(65 089)
Dividend income from associate	20 695	
Net cash inflow from operating activities	317 486	155 362
Investing activities		
Investment income	13 243	14 767
Net cash used in other investing activities	(94 043)	(265 742)
Net cash outflow from investing activities	(80 800)	(250 975)
Net cash (outflow)/inflow from financing activities	(22 493)	72 642
Net increase/(decrease) in cash and cash equivalents	214 193	(22 971)
Cash and cash equivalents at beginning of year	18 350	41 321
Cash and cash equivalents at end of year	232 543	18 350

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

Profit for the year	63 196	2 918
Other comprehensive income:		
Actuarial gains/(losses) recognised directly in equity		
Gross	21 118	(30 308)
Deferred tax	(5 910)	8 486
Net other comprehensive income	15 208	(21 822)
Total comprehensive income for the year	78 404	(18 904)
Attributable to:		
Equity holders of the company	66 932	(32 566)
Minority interest	11 472	13 662
	78 404	(18 904)

NOTES TO THE CONSOLIDATED ABRIDGED FINANCIAL STATEMENTS

Accounting policies

The condensed abridged financial information has been prepared in accordance with the recognition and measurement criteria of all applicable statements and interpretations of International Financial Reporting Standards ("IFRS") and is presented in terms of the disclosure requirements set out in IAS34 – Interim Financial Reporting. The accounting policies applied to the condensed abridged financial information are consistent with those as set out in the annual financial statements for the year ended 31 December 2008.

Shareholders are advised that a conference call will be held on Thursday 25 March 2010. Details of the conference call will be sent via SENS and posted on our website.

REGISTRARS

Computershare Investor Services (Pty) Limited
70 Marshall Street
JOHANNESBURG
2001

Signed on behalf of the Board

M. E. Pooe
O M E Pooe
Chairman

C. T. Loock
C T Loock
Managing Director

SPONSOR

Barnard Jacobs Mellet Corporate Finance (Pty) Limited

JOHANNESBURG, 17 March 2010

Contingencies

The bank and other guarantees given by the group to third parties amounted to R6,6 million as at 31 December 2009 (R5,4 million as at 31 December 2008). Financing provided to The Metair Share Incentive Trust was guaranteed by Metair at R75 million. This liability has been included in the consolidated balance sheet.

Borrowings

	31 December 2009 R'000	31 December 2008 R'000
Current	97 298	20 817
Overdrafts	49 662	104 975
Non-current	54 217	178 434
	201 177	304 226
Cash	(282 205)	(123 325)
Total	(81 028)	180 901

The movement in the borrowings can be analysed as follows:

Year ended December		
Opening amount	180 901	85 805
Repayments	(263 606)	(22 296)
Amounts raised	1 677	117 392
Closing amount	(81 028)	180 901

Fair value adjustments on financial instruments

	31 December 2009	
	Assets	Liabilities
Forward exchange contracts – Fair value hedges	160	9,835
Total	160	9,835

Annual General Meeting

The annual report will be mailed to shareholders by 31 March 2010 along with the notice of Annual General Meeting. The Annual General Meeting will be held on 5 May 2010 at 14:00 at Metair Investments Limited, 10 Anerley Road, Parktown, Johannesburg.

Declaration of Ordinary Dividend No 59

Notice is hereby given that a final ordinary dividend of 15 cents per ordinary share has been declared in respect of the year ended 31 December 2009. The last date to trade cum dividend will be Friday, 9 April 2010. Trading will commence ex dividend from Monday, 12 April 2010 and the record date will be Friday, 16 April 2010. The date of payment will be Monday, 19 April 2010.

Share certificates may not be dematerialised or rematerialised between Monday, 12 April 2010, and Friday, 16 April 2010, both days inclusive.

Auditors' report

The abridged results of the group as set out above have been audited by the group's auditors PricewaterhouseCoopers Inc. Their report is available for inspection at Metair's registered office (address details above).

ABRIDGED GROUP BALANCE SHEETS

	31 December 2009 R'000	31 December 2008 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	657 892	714 001
Intangible assets	29 514	40 254
Investment in associates	20 147	40 423
Defined benefit asset	19 962	
Deferred taxation	34 970	47 930
	762 485	842 608
Current assets		
Inventories	518 091	769 013
Trade and other receivables	428 076	398 181
Derivative financial assets	160	274
Taxation	9 700	
Cash and cash equivalents	282 205	123 325
	1 238 232	1 290 793
Total assets	2 000 717	2 133 401

EQUITY AND LIABILITIES

Capital and reserves

Share capital and premium	42 876	42 876
Treasury shares	(124 289)	(124 532)
Share-based payment reserve	3 389	3 389
Non-distributable reserves	16 309	36 585
Retained earnings	1 148 964	1 061 756
Ordinary shareholders' equity	1 087 249	1 020 074
Minority interest	96 772	93 590
Total equity	1 184 021	1 113 664

Non-current liabilities

Interest-bearing borrowings	54 217	78 434
Cumulative redeemable preference shares in respect of The Metair Share Incentive Trust		100 000
Post-employment medical benefits	19 246	17 810
Defined benefit liability		11 085
Deferred taxation	83 778	91 216
	157 241	298 545

Current liabilities

Trade and other payables	441 784	538 279
Borrowings	97 298	20 817
Taxation		5 552
Provisions for liabilities and charges	60 876	51 418
Dividends payable		151
Derivative financial liabilities	9 835	
Bank overdrafts	49 662	104 975
	659 455	721 192
Total liabilities	816 696	1 019 737
Total equity and liabilities	2 000 717	2 133 401

Net asset value per share (cents) attributable to ordinary shareholders	776	729
Capital expenditure	116 156	179 619
Capital commitments		
– contracted	28 398	62 283
– authorised but not contracted	24 986	49 683

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Treasury shares	Share-based payment reserve	Non-distributable reserve	Retained earnings	Attributable to equity holders of the company	Minority interest	Total equity
Year ended 31 December 2009								
Balance at 1 January 2009	42 876	(124 532)	3 389	36 585	1 061 756	1 020 074	93 590	1 113 664
Net profit for the year					52 210	52 210	10 986	63 196
Other comprehensive income: Actuarial gains					14 722	14 722	486	15 208
Total comprehensive income for the year					66 932	66 932	11 472	78 404
Net movement in treasury shares		243				243		243
Transfer of associate profit and dividend				(20 276)	20 276			
Dividend							(8 290)	(8 290)
Balance at 31 December 2009	42 876	(124 289)	3 389	16 309	1 148 964	1 087 249	96 772	1 184 021
Year ended 31 December 2008								
Balance at 1 January 2008	42 876	(131 813)	3 074	25 139	1 161 561	1 100 837	89 295	1 190 132
Net (loss)/profit for the year					(13 080)	(13 080)	15 998	2 918
Other comprehensive income: Actuarial losses					(19 486)	(19 486)	(2 336)	(21 822)
Total comprehensive income for the year					(32 566)	(32 566)	13 662	(18 904)
Employee share option scheme:								
– Value of services provided				315		315	80	395
Net movement in treasury shares		7 281				7 281		7 281
Transfer of associate profit and dividend				11 446	(11 446)			
Dividend					(55 793)	(55 793)	(9 447)	(65 240)
Balance at 31 December 2008	42 876	(124 532)	3 389	36 585	1 061 756	1 020 074	93 590	1 113 664

ABRIDGED SEGMENTAL REVIEW

for the year ended 31 December 2009

	Local		Direct exports			Reconciling items*	Total
	Original equipment	After-market	Non-auto	Original equipment	After-market	Non-auto	
Revenue	2 029 137	748 355	323 168	73 494	111 833	56 066	3 342 053
(Loss)/profit before interest and tax	(59 438)	105 267	61 918	9 352	6 035	(297)	142 336
Net finance costs							(24 117)
Profit before tax							118 219
Included in the above:							
– Depreciation and amortisation							(108 468)
– Impairment charges							(47 082)
for the year ended 31 December 2008							
Revenue	2 763 236	639 668	484 434	99 996	141 031	52 033	4 180 398
Profit/(loss) before interest and tax	12 889	27 825	60 373	(8 762)	18 730	5 243	111 395
Net finance costs							(36 618)
Profit before tax							74 777
Included in the above:							
– Depreciation and amortisation							(109 557)
– Impairment charges							(122 590)

* The reconciling items relate to head office companies.

MANAGING DIRECTOR'S REPORT

Review of operations

The period under review was particularly difficult as Metair came to grips with the economic fallout brought on by the financial crisis of October 2008. The substantial decline in demand for vehicles worldwide resulted in a more than 38% decline in the export of vehicles from South Africa to 174 947. Total vehicles produced in South Africa in 2009 declined to 354 158 from 471 030 in 2008, a decline of 25%. Metair was particularly hard hit by the decline in production from its largest customer Toyota South Africa. Actual production during 2009 by Toyota was less than 50% of the planned level of 220 000 vehicles per annum.

During the year Metair closed down its Eastern Cape plastics business, Kimitar (Pty) Ltd (Kimitar). Kimitar's operations were discontinued in the middle of December 2009. Kimitar's losses and the cost of closure was R40 million. This operation was negatively impacted by the decline in business in the Eastern Cape, and the inability to adequately recover material price increases from customers. Future turnover secured by Kimitar relating to a new model launch has been transferred to other group subsidiaries.

Metair responded early in the financial year to the new economic reality by:

- Dramatically reducing its forecast of 2009 production volumes;
- Aggressively managing working capital using the revised volume forecast;
- Re-engineering the group's subsidiaries to ensure that all subsidiaries were at least cash flow-neutral on a sustainable basis on the lower forecast volumes; and
- Consolidating businesses that were not viable.

Notwithstanding margin pressure in the original equipment (OE) segment, the above actions resulted in the protection of gross margins in the aftermarket, non-automotive and export segments.

Metair has emerged from the crisis as a lean organisation with a robust balance sheet. The group is cash-generative and positioned to take advantage of the upturn in economic conditions. Metair will continue to utilise its technology, lean manufacturing expertise and distribution infrastructure to grow its aftermarket and non-auto business. Value-accretive acquisitions that focus on the aftermarket and non-auto sectors will be considered.

Over the past 18 months providers of capital to the automotive industry significantly cut back on facilities. During the year Metair remained focused on improved cash management, and is in a positive net cash position after taking into account debt. The movement from net gearing of R181 million in December 2008 to net cash of R81m at December 2009 is a significant achievement in the context of conditions prevailing in the automotive