

# METAIR INVESTMENTS LIMITED

(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)

("Metair" or "the Group")

## INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2010 AND TRADING STATEMENT



(Reg No. 1948/031013/06)

Share code: MTA ISIN code: ZAE 000090692

• HEPS increased to 89 cps • Cash generated by operations of R224 million • Net cash on hand increased by R130 million to R210 million • Special dividend of 60 cps declared

### Group income statements

	Six months ended		Year ended
	30 June 2010 R'000 Unaudited	30 June 2009 R'000 Unaudited	31 December 2009 R'000 Audited
Revenue	1 836 578	1 659 433	3 342 053
Cost of sales	(1 455 108)	(1 438 443)	(2 807 100)
Gross profit	381 470	220 990	534 953
Other operating income	25 017	35 640	109 711
Impairment of assets	(1 838)	(30 544)	(47 082)
Distribution, administrative and other expenses	(225 589)	(227 613)	(455 665)
Operating profit/(loss)	179 060	(1 527)	141 917
Interest income	12 097	3 665	13 243
Interest expense	(10 880)	(22 412)	(37 360)
Share of results of associates	6 801	(216)	419
Profit/(loss) before tax	187 078	(20 490)	118 219
Taxation	(53 783)	(7 324)	(55 023)
<b>Profit/(loss) for the period</b>	<b>133 295</b>	<b>(27 814)</b>	<b>63 196</b>
<b>Attributable to:</b>			
Equity holders of the company	124 430	(27 283)	52 210
Non-controlling interests	8 865	(531)	10 986
	133 295	(27 814)	63 196
Depreciation and amortisation	(63 554)	(46 152)	(108 468)
Basic earnings/(loss) per share (cents)	87	(19)	37
Headline earnings/(loss) per share (cents)	89	(3)	67
Dividend per share (cents)	15		
Number of shares in issue ('000)	152 532	152 532	152 532
<b>Calculation of headline earnings/(loss) per share (R'000)</b>			
Net profit/(loss) attributable to ordinary shareholders	124 430	(27 283)	52 210
Impairment charges	1 838	30 544	47 082
Tax relief		(5 620)	(5 620)
Impairment charge attributable to non-controlling interests		(3 627)	(3 628)
Loss on disposal of property, plant & equipment	152	2 212	5 342
Headline earning/(loss)	126 420	(3 774)	95 386
Weighted average number of shares in issue ('000)	142 352	141 707	142 352
<b>Diluted earnings per share</b>			
No diluted earnings per share is reflected for the year ended 31 December 2009 as well as the six months ended 30 June 2010 and 2009.			
Share options in terms of the Metair Share Trust are anti-dilutive.			

### Group statement of comprehensive income

	Six months ended		Year ended
	30 June 2010 R'000 Unaudited	30 June 2009 R'000 Unaudited	31 December 2009 R'000 Audited
Profit/(loss) for the period	133 295	(27 814)	63 196
Other comprehensive income:			
Actuarial gains recognised directly in equity			
Gross			21 118
Deferred tax			(5 910)
Net other comprehensive income			15 208
<b>Total comprehensive income for the period</b>	<b>133 295</b>	<b>(27 814)</b>	<b>78 404</b>
<b>Attributable to:</b>			
Equity holders of the company	124 430	(27 283)	66 932
Non-controlling interests	8 865	(531)	11 472
	133 295	(27 814)	78 404

### Group statement of cash flows

	Six months ended		Year ended
	30 June 2010 R'000 Unaudited	30 June 2009 R'000 Unaudited	31 December 2009 R'000 Audited
<b>Operating activities</b>			
Profit/(loss) before tax	187 078	(20 490)	118 219
Non-cash items	32 732	112 024	149 394
Working capital changes	4 437	23 765	145 642
Cash generated from operations	224 247	115 299	413 255
Finance charges	(10 880)	(22 412)	(37 360)
Taxation paid	(29 373)	(41 508)	(70 663)
Dividends paid	(21 015)		(8 441)
Dividend income from associate		14 700	20 695
Net cash inflow from operating activities	162 979	66 079	317 486
<b>Investing activities</b>			
Investment income	12 097	3 665	13 243
Net cash used in other investing activities	(46 308)	(27 488)	(94 043)
Net cash outflow from investing activities	(34 211)	(23 823)	(80 800)
Net cash outflow from financing activities	(85 248)	(9 551)	(22 493)
Net increase in cash and cash equivalents	43 520	32 705	214 193
Cash and cash equivalents at beginning of period	232 543	18 350	18 350
<b>Cash and cash equivalents at end of period</b>	<b>276 063</b>	<b>51 055</b>	<b>232 543</b>

### Notes to the consolidated interim condensed financial statements

**Accounting policies**  
The consolidated condensed interim 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 interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2009.

This interim report has not been reviewed or audited by the auditors.

#### Contingencies

The bank and other guarantees given by the Group to third parties amounted to R6,6 million as at 30 June 2010 (R6,2 million as at 30 June 2009).

#### Borrowings

	Six months ended		Year ended
	30 June 2010 R'000	30 June 2009 R'000	31 December 2009 R'000
Current	20 079	19 421	97 298
Overdrafts net of cash	(276 063)	(51 055)	(232 543)
Non-current	45 675	169 096	54 217
<b>Total</b>	<b>(210 309)</b>	<b>137 462</b>	<b>(81 028)</b>

The movement in the borrowings can be analysed as follows:

	30 June 2010	30 June 2009	31 December 2009
Opening amount	(81 028)	180 901	180 901
Repayments	(129 543)	(43 604)	(263 606)
Amounts raised	262	165	1 677
<b>Closing amount</b>	<b>(210 309)</b>	<b>137 462</b>	<b>(81 028)</b>

#### Declaration of Special Dividend

Notice is hereby given that a special dividend of 60 cents per ordinary share has been declared in respect of the six months ended 30 June 2010. The last date to trade cum dividend will be Friday, 10 September 2010. Trading will commence ex dividend from Monday, 13 September 2010 and the record date will be Friday, 17 September 2010. The date of payment will be Monday, 20 September 2010.

Share certificates may not be dematerialised or rematerialised between Monday, 13 September 2010, and Friday, 17 September 2010, both days inclusive.

#### REGISTRARS

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

Signed on behalf of the Board

M E Poe  
Chairman

C T Lock  
Managing Director

#### SPONSOR

Barnard Jacobs Mellet Corporate Finance (Pty) Limited

JOHANNESBURG, 12 August 2010

### Group balance sheets

	30 June 2010 R'000 Unaudited	30 June 2009 R'000 Unaudited	31 December 2009 R'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	662 815	692 177	657 892
Intangible assets	30 553	29 313	29 514
Investment in associates	26 948	25 507	20 147
Defined benefit asset	21 240		19 962
Deferred taxation	22 839	62 305	34 970
	764 395	809 302	762 485
<b>Current assets</b>			
Inventories	522 635	582 253	518 091
Trade and other receivables	454 510	381 859	428 076
Derivative financial assets	3 638	7 382	160
Taxation		15 274	9 700
Cash and cash equivalents	313 706	153 137	282 205
	1 294 489	1 139 905	1 238 232
<b>Total assets</b>	<b>2 058 884</b>	<b>1 949 207</b>	<b>2 000 717</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital and premium	42 876	42 876	42 876
Treasury shares	(123 776)	(124 532)	(124 289)
Share-based payment reserve	4 952	3 389	3 389
Non-distributable reserves	23 110	21 669	16 309
Retained earnings	1 245 578	1 049 469	1 148 964
<b>Ordinary shareholders' equity</b>	<b>1 192 740</b>	<b>992 871</b>	<b>1 087 249</b>
Non-controlling interests	105 699	93 059	96 772
<b>Total equity</b>	<b>1 298 439</b>	<b>1 085 930</b>	<b>1 184 021</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	45 675	69 096	54 217
Cumulative redeemable preference shares in respect of The Metair Share Incentive Trust		100 000	
Post-employment medical benefits	19 496	18 274	19 246
Defined benefit liability		3 594	
Deferred taxation	71 698	92 850	83 778
	136 869	283 814	157 241
<b>Current liabilities</b>			
Trade and other payables	476 684	358 962	441 784
Borrowings	20 079	19 421	97 298
Taxation	14 715		
Provisions for liabilities and charges	72 629	85 584	60 876
Derivative financial liabilities	1 826	13 414	9 835
Bank overdrafts	37 643	102 082	49 662
	623 576	579 463	659 455
<b>Total liabilities</b>	<b>760 445</b>	<b>863 277</b>	<b>816 696</b>
<b>Total equity and liabilities</b>	<b>2 058 884</b>	<b>1 949 207</b>	<b>2 000 717</b>
Net asset value per share (cents) attributable to ordinary shareholders	851	710	776
Capital expenditure	47 253	44 285	116 156
Capital commitments			
– contracted	57 770	44 746	28 398
– authorised but not contracted	33 787	34 412	24 986

#### Conference call

Shareholders are advised that a conference call in respect of these results will be held on Friday 13 August 2010 at 10h00.

Details of the conference call have been sent via SENS and posted on our website.

#### Group statements of changes in equity

	Share capital & premium R'000	Treasury shares R'000	Share-based payment reserve R'000	Non-distributable reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interests R'000	Total equity R'000
<b>Half-year ended 30 June 2010</b>								
Balance at 1 January 2010	42 876	(124 289)	3 389	16 309	1 148 964	1 087 249	96 772	1 184 021
Net profit for the period					124 430	124 430	8 865	133 295
Total comprehensive income for the period					124 430	124 430	8 865	133 295
Employee share option scheme:								
– Value of services provided			1 563			1 563	62	1 625
Net movement in treasury shares		513				513		513
Transfer of associate profit and dividend				6 801	(6 801)			
Dividend					(21 015)	(21 015)		(21 015)
<b>Balance at 30 June 2010</b>	<b>42 876</b>	<b>(123 776)</b>	<b>4 952</b>	<b>23 110</b>	<b>1 245 578</b>	<b>1 192 740</b>	<b>105 699</b>	<b>1 298 439</b>
<b>Half-year ended 30 June 2009</b>								
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 loss for the period					(27 283)	(27 283)	(531)	(27 814)
Total comprehensive income for the period					(27 283)	(27 283)	(531)	(27 814)
Employee share option scheme:								
– Value of services provided			80			80		80
Transfer of associate profit and dividend			(80)	(14 916)	14 996			
<b>Balance at 30 June 2009</b>	<b>42 876</b>	<b>(124 532)</b>	<b>3 389</b>	<b>21 669</b>	<b>1 049 469</b>	<b>992 871</b>	<b>93 059</b>	<b>1 085 930</b>
<b>Year ended 31 December 2009</b>								
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
Actuarial gains					14 722	14 722	486	15 208
Total comprehensive income for the period					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)
<b>Balance at 31 December 2009</b>	<b>42 876</b>	<b>(124 289)</b>	<b>3 389</b>	<b>16 309</b>	<b>1 148 964</b>	<b>1 087 249</b>	<b>96 772</b>	<b>1 184 021</b>

#### Segmental review

##### for the six months ended 30 June 2010

	Local			Direct exports			Property rental	Reconciling items	Total
	Original equipment	Aftermarket	Non-auto	Original equipment	Aftermarket	Non-auto			
Revenue	1 112 569	436 756	177 027	41 875	51 962	16 389	28 887	(28 887)	1 836 578
Profit/(loss) before interest and tax	58 219	82 422	17 893	3 736	1 164	(3 140)	28 887	(3 320)	185 861
Finance costs									1 217
<b>Profit before tax</b>									<b>187 078</b>
Included in the above:									
– Depreciation and amortisation									(63 554)
– Impairment charges									(1 838)
<b>for the six months ended 30 June 2009</b>									