

HEPS increased 12% to 143cps

GROUP INCOME STATEMENTS	Six months ended		Year ended
	30 June 2012 R'000 Unaudited	30 June 2011 R'000 Unaudited	31 December 2011 R'000 Audited
Revenue	2 589 466	2 051 834	4 294 152
Cost of sales	(2 004 041)	(1 584 247)	(3 376 719)
Gross profit	585 425	467 587	917 433
Other operating income	21 037	39 645	43 599
Net insurance recovery		28 370	122 637
Impairment charges			(7 900)
Distribution, administrative and other expenses	(281 047)	(227 845)	(499 546)
Operating profit	325 415	307 757	576 223
Interest income	11 125	5 436	14 296
Interest expense	(12 210)	(4 013)	(7 858)
Share of results of associates	13 132	8 735	19 339
Profit before taxation	337 462	317 915	602 000
Taxation	(104 378)	(85 328)	(150 906)
Profit for the period	233 084	232 587	451 094
Attributable to:			
Equity holders of the company	202 438	207 985	408 365
Non-controlling interests	30 646	24 602	42 729
	233 084	232 587	451 094
Depreciation and amortisation	(58 424)	(42 270)	(89 150)
Basic earnings per share (cents)	143	147	289
Headline earnings per share (cents)	143	128	260
Number of shares in issue ('000)	152 532	152 532	152 532
Number of shares in issue excluding treasury shares ('000)	141 706	141 203	141 451
Weighted average number of shares in issue ('000)	141 624	141 159	141 217
Calculation of headline earnings per share (R'000)			
Net profit attributable to ordinary shareholders	202 438	207 985	408 365
Profit on insurance recovery and impairment charges		(28 370)	(41 492)
Taxation effect of insurance recovery and impairment charges		5 663	4 813
Impairment charges attributable to non-controlling shareholders			(202)
Loss/(profit) on disposal of property, plant and equipment	184	(4 509)	(3 671)
Headline earnings	202 622	180 769	367 813
Diluted earnings per share			
Basic earnings per share (cents)	138	144	283
Headline earnings per share (cents)	139	125	255
Weighted average number of shares in issue ('000)	141 624	141 159	141 217
Adjustment for dilutive share options ('000)	4 549	3 248	2 959
Number of shares used for diluted earnings calculation ('000)	146 173	144 407	144 176

GROUP STATEMENTS OF COMPREHENSIVE INCOME	Six months ended		Year ended
	30 June 2012 R'000 Unaudited	30 June 2011 R'000 Unaudited	31 December 2011 R'000 Audited
Profit for the period	233 084	232 587	451 094
Other comprehensive income:			
- Actuarial losses recognised			(5 345)
- Cash flow hedges	(8 898)		(4 821)
- Currency translation differences	(492)		
- Taxation on other comprehensive income			2 645
Net other comprehensive income	(9 390)		(7 521)
Total comprehensive income for the period	223 694	232 587	443 573
Attributable to:			
Equity holders of the company	193 048	207 985	401 033
Non-controlling interests	30 646	24 602	42 540
	223 694	232 587	443 573

GROUP STATEMENTS OF CHANGES IN EQUITY	Share capital and premium	Treasury shares	Share-based payment reserve	Hedging reserve	Foreign currency translation reserve	Non-distributable reserve	Retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total equity
R'000										
Balance at 1 January 2011	42 876	(116 084)	2 813			29 148	1 297 256	1 256 009	113 910	1 369 919
Net profit for the period							207 985	207 985	24 602	232 587
Total comprehensive income for the period							207 985	207 985	24 602	232 587
Employee share option scheme:										
- Value of services provided			2 270					2 270	105	2 375
- Loss on settlement			(366)					(366)		(366)
Net movement in treasury shares		908						908		908
Transfer of associate profit and dividend						7 582	(7 582)			
Dividend **							(91 750)	(91 750)	(4 074)	(95 824)
Balance at 30 June 2011	42 876	(115 176)	4 717			36 730	1 405 909	1 375 056	134 543	1 509 599
Net profit for the period							200 380	200 380	18 127	218 507
Other comprehensive income				(3 471)			(3 861)	(7 332)	(189)	(7 521)
Total comprehensive income for the period				(3 471)			196 519	193 048	17 938	210 986
Employee share option scheme:										
- Value of services provided			2 145					2 145	609	2 754
- Loss on settlement			(701)					(701)		(701)
- Deferred taxation				11 381				11 381		11 381
Net movement in treasury shares		1 667						1 667		1 667
Transfer of associate profit and dividend						2 764	(2 764)			
Dividend									(34 278)	(34 278)
Balance at 31 December 2011	42 876	(113 509)	17 542	(3 471)		39 494	1 599 664	1 582 596	118 812	1 701 408
Net profit for the period							202 438	202 438	30 646	233 084
Other comprehensive income				(8 898)	(492)		(9 390)	(9 390)		(9 390)
Total comprehensive income for the period				(8 898)	(492)		202 438	193 048	30 646	223 694
Employee share option scheme:										
- Value of services provided			3 688					3 688	157	3 845
- Loss on settlement			(1 274)					(1 274)		(1 274)
- Deferred taxation				8 526				8 526		8 526
Net movement in treasury shares		2 200						2 200		2 200
Acquisition of non-controlling interest in Rombat SA									3 008	3 008
Rombat acquisition currency hedging			12 369					12 369		12 369
Transfer of associate profit and dividend						10 689	(10 689)			
Dividend *							(101 885)	(101 885)	(42 729)	(144 614)
Balance at 30 June 2012	42 876	(111 309)	28 482	-	(492)	50 183	1 689 528	1 699 268	109 894	1 809 162

* An ordinary dividend of 72 cents per share has been declared in respect of the year ended 31 December 2011.
** An ordinary dividend of 65 cents per share has been declared in respect of the year ended 31 December 2010.

REGISTRARS	SPONSOR	INVESTOR RELATIONS
Computershare Investor Services (Pty) Limited 70 Marshall Street JOHANNESBURG 2001	One Capital	College Hill

The interim report was produced by Mr BM Jacobs (Finance Director) B Comm B Acc CA (SA).

EXECUTIVE DIRECTORS: CT Look (Managing); BM Jacobs (Finance)
NON-EXECUTIVE DIRECTORS: OME Poe (Chairman); A Joffe
INDEPENDENT NON-EXECUTIVE DIRECTORS: RS Broadley; L Soanes*; A Galie; JG Best
COMPANY SECRETARY: SM Vermaak *British

Cash generated from operations of R455 million

GROUP BALANCE SHEETS	30 June 2012 R'000 Unaudited	30 June 2011 R'000 Unaudited	31 December 2011 R'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	1 061 554	730 453	762 752
Intangible assets	85 583	25 325	22 718
Investment in associates	56 271	41 818	44 582
Defined benefit asset		7 402	
Deferred taxation	12 285		11 266
	1 215 693	804 998	841 318
Current assets			
Inventory	763 131	608 245	693 646
Trade and other receivables	757 637	551 607	518 527
Derivative financial assets	2 261	111	615
Taxation			6 342
Cash and cash equivalents	497 717	320 569	421 678
	2 020 746	1 480 532	1 640 808
	3 236 439	2 285 530	2 482 126
Total assets			
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	42 876	42 876	42 876
Treasury shares	(111 309)	(115 176)	(113 509)
Share-based payment reserve	28 482	4 717	17 542
Hedging reserve			(3 471)
Foreign currency translation reserve	(492)		
Non-distributable reserve	50 183	36 730	39 494
Retained earnings	1 689 528	1 405 909	1 599 664
Ordinary shareholders' equity	1 699 268	1 375 056	1 582 596
Non-controlling interests	109 894	134 543	118 812
Total equity	1 809 162	1 509 599	1 701 408
Non-current liabilities			
Borrowings	218 542	40 785	27 458
Post-employment medical benefits	25 662	21 579	25 074
Deferred taxation	73 412	52 590	64 118
	317 616	114 954	116 650
Current liabilities			
Trade and other payables	718 270	551 002	533 374
Borrowings	262 703	20 527	24 627
Taxation	3 789	10 449	7 541
Provisions for liabilities and charges	77 186	63 235	60 651
Dividends payable	12 510		
Derivative financial liabilities	755	1 790	12 769
Bank overdrafts	34 448	13 974	25 106
	1 109 661	660 977	664 068
Total liabilities	1 427 277	775 931	780 718
Total equity and liabilities	3 236 439	2 285 530	2 482 126
Net asset value per share (cents) attributable to ordinary shareholders calculated on number of shares in issue excluding treasury shares	1 199	974	1 119
Capital expenditure	87 581	75 589	162 146
Capital commitments:			
- contracted	201 719	51 839	24 913
- authorised but not contracted	147 791	78 127	182 573

NOTES TO THE GROUP INTERIM CONDENSED FINANCIAL STATEMENTS

Accounting policies
These condensed interim financial statements have been prepared in accordance with the recognition and measurement criteria of all applicable statements and interpretations of International Financial Reporting Standards ("IFRS") in issue and effective for the Group at 30 June 2012 and is presented in terms of the disclosure requirements set out in IAS34 – Interim Financial Reporting and AC 500 standards as issued by the Accounting Practices Board, or its successor, and comply with the Listings Requirements of the JSE Limited. The accounting policies applied to the condensed abridged financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.
This interim report has not been reviewed or audited by the auditors.

Fair value adjustments on financial instruments	30 June 2012	30 June 2011	31 December 2011
	Assets	Liabilities	Assets
Forward exchange contracts – fair value hedges	2 261	755	111
	1 790	615	12 769
Business combinations			
On 14 March 2012, the Group acquired 99,16% of the issued shares of Rombat SA ("Rombat"). Rombat is a joint stock company incorporated under Romanian law and is a manufacturer of "lead-acid batteries" for the original equipment manufacturers (OEM), aftermarket, non-automotive and export segments. Rombat was acquired to complement the Group's existing battery operations and to deliver strategic and financial benefits. Total consideration transferred amounted to R449 million in cash. The provisional goodwill of R33 million arising from the acquisition is attributable to the anticipated profitability arising from the Group's access to new geographic markets, increased supply and the anticipated future operating synergies from the combination. The following table summarises the consideration paid for Rombat and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.			
Recognised amounts of identifiable assets acquired and liabilities assumed:	R'000 – Provisional fair value		
Assets			
Trademark and other intangible assets			30 003
Property, plant and equipment			271 186
Inventory			97 368
Trade and other receivables			185 473
Cash and cash equivalents			111 386
			695 416
Liabilities			
Borrowings			(61 542)
Provisions			(2 363)
Trade and other payables			(103 408)
Bank overdraft			(96 755)
Net deferred taxation			(11 594)
			(275 662)
Total identifiable net assets			419 754
Less: Non-controlling interest			(3 008)
Goodwill			32 608
Purchase consideration (including currency hedging)			449 354

Recognised amounts of identifiable assets acquired and liabilities assumed:	R'000 – Provisional fair value
Assets	
Trademark and other intangible assets	30 003
Property, plant and equipment	271 186
Inventory	97 368
Trade and other receivables	185 473
Cash and cash equivalents	111 386
	695 416
Liabilities	
Borrowings	(61 542)
Provisions	(2 363)
Trade and other payables	(103 408)
Bank overdraft	(96 755)
Net deferred taxation	(11 594)
	(275 662)
Total identifiable net assets	419 754
Less: Non-controlling interest	(3 008)
Goodwill	32 608
Purchase consideration (including currency hedging)	449 354

COMMENTARY

Interim Result
Metair has produced a satisfactory set of financial results for the half-year ended 30 June 2012. Headline earnings per share increased by 12% to 143 cents per share (cps) (2011: 128 cps). The Group generated EBITDA of R397 million and cash from operations remained strong at R455 million. During the period we continued to deliver on our stated strategy and in March we acquired the Romanian battery manufacturer Rombat. The Rombat acquisition forms part of the Group's Start/Stop Battery Development and Commercialisation Programme.
Group Operating Performance
Revenue increased by 26% to R2 589 million from R2 052 million in the comparable period and gross profit increased by 25% to R585 million from R468 million.
Distribution, administration and other expenses increased to R281 million from R228 million. Distribution expenses of R75 million (2011: R65 million) represented 2,9% of revenue (2011: 3,2%). Administration and other expenses include R7,4 million of acquisition costs and R9 million of Rombat expenses.
The effective tax rate for the period after adjusting for associate income was 32,2% (2011: 27,6%). STC contributed 3% (2011: 3%) to the effective rate and exempt and non-deductible expenditure contributed 1% (2011: 4%).
The comparable period included a once-off net insurance recovery of R28 million. Thus, although headline earnings per share increased by 12%, earnings per share decreased by 3% to 143 cps. Total assets increased to R3 236 million